



RE: SHAPE . DEFINE . PURPOSE . FOCUS

RE: SHAPE . DEFINE . PURPOSE . FOCUS



As Malaysia's largest pure-play construction group that provides a full range of integrated design and construction services and uses Virtual Design and Construction (VDC) technology to enable a greater competitive edge, we're capable of bringing together all the pieces it takes to ensure the projects we manage are tailored, cost effective and delivered on time and with quality. Simply, this is expected of an organisation with a track record spanning over 39 years and a firm vision of becoming the region's leading pure play construction group.

NAVIGATION ICONS

The following icons are used in this report to indicate where additional information can be found.

 This icon tells you where you can find related information in this report.

 This icon tells you where you can go for more information online.



Please scan this QR code to view the report in digital format.

ABOUT THIS REPORT

GRI 102-1, 102-46, 102-50, 102-52, 102-53, 102-55

INTEGRATED THINKING

We understand that sustainable value creation does not happen in isolation. In fact, it is only through the careful consideration of the relationship between the capitals that we use or affect, and the potential trade-offs inherent in our strategic choices, that we can continue to create sustained value for all stakeholders over the short-, medium and long-term.

SCOPE AND BOUNDARY

This Integrated Report covers the performance of Sunway Construction Group Berhad (SunCon) and its subsidiaries for the financial year ended 31 December 2020. This Report should be read in conjunction with the full annual financial statements for a comprehensive understanding of SunCon and the year under review. Reporting on our sustainability initiatives covers the Group and its subsidiaries. We have used top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

The reporting process has been guided by the principles contained in the International Integrated Reporting Council's <IIRC> framework and the Malaysian Code on Corporate Governance. The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Companies Act 2016. Accounting policies used to prepare these financial statements are consistent with those applied in the prior year, save for the adoption of new accounting standards which became effective during the year. Our sustainability initiatives are reported in accordance to GRI Standards: Core Option and further guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and the FTSE4Good requirements.

MATERIALITY

This Report aims to disclose information about matters that substantively affect our ability to create value over the short, medium and long-term. For us, short term refers to the next 18 months, while 18 months to five years is considered medium term. Anything beyond that is deemed long term.

We discuss our materiality determination process on page 22 of this Report.

FORWARD-LOOKING STATEMENTS

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect our expectations as at 31 December 2020. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect the Group's business, or if estimates or assumptions prove inaccurate. The Group cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on these statements. The Group assumes no obligation to update or revise any forward-looking statements if new information becomes available, other than as stipulated by the Main Market Listing Requirements.

ASSURANCE

SunCon's external auditor, BDO PLT., has audited the financial statements for the year ended 31 December 2020. BDO's audited report is on page 166. The scope of the audit was limited to the information in the consolidated financial statements on pages 171 to 260.

FEEDBACK

We regard this Report as a further valuable opportunity to connect to and communicate with our shareholders, and to respond to matters raised. We welcome your feedback on this Report. Please direct this to Investor Relations, at 03-5639 8864 / 9793.

BOARD RESPONSIBILITY STATEMENT

SunCon's Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report. The Board has accordingly applied its collective mind and, in its opinion, this Integrated Report addresses all material matters, and offers a balanced view of its strategy and how it relates to the organisation's ability to create value in the short, medium and long-term. The Report adequately addresses the use of and effects on the capitals, and the manner in which the availability of these capitals is impacting on SunCon's strategy and business model. We, as the Board, believe that this Report has been prepared in accordance with the International Integrated Reporting <IR> Framework. This Report was approved by the board on 19 April 2021.

BOARD APPROVAL

DATU' IR GOH CHYE KOON
Chairman

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VISION

To be a leading regional construction and engineering group.

Sunway Construction Group Berhad (SunCon) is driven by a full range of integrated services which include building, civil engineering/infrastructural works, foundation and geotechnical engineering, mechanical, electrical and plumbing services works, industrial building systems/precast components, machinery and logistics, and sustainable energy services with design & build capabilities to provide end-to-end construction solutions.

With a vision of becoming the region's leading pure play construction group, we constantly innovate to deliver value, build synergistic and sustainable relationships and achieve the highest standards of quality, safety and excellence.

CORE VALUES

INTEGRITY

We believe in doing the right thing at all times.

- We conduct ourselves in an honest and trustworthy manner
- We act professionally, ethically and honourably
- We ensure our actions are consistent with our words

MISSION

Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create value for all our stakeholders.

Building synergistic and sustainable relationship is the bedrock of the company's ethos of nurturing our people and developing meaningful relationships with external parties including our business partners and customers towards achieving business objectives, while keeping the interests of our stakeholders.

Achieving the highest standards in quality, environmental, safety and health, remains our founding value that we uphold with great passion. We make individual and collective efforts in aiming higher to achieve strategic business goals with a commitment to excellence.

HUMILITY

We believe in being humble.

- We never stop learning
- We care for and respect people and the environment
- We seek first to understand, then to be understood

EXCELLENCE

We take pride in all that we do.

- We strive to deliver high quality products and services
- We continuously innovate and improve for greater progress
- We seek to inspire others to excel

SUNCON AT A GLANCE



SunCon believes that delivering landmark projects begins with a vision that eventually becomes reality through passion and determination.

With every construction project we undertake, we enrich the lives of people; fostering long-term progress and economic growth.

Since 1981, we have undertaken more than RM30 billion worth of projects across seven countries. Our Group and culture are built on more than three decades of leadership and a relentless adherence to our values, the core of which are Integrity, Humility and Excellence. These values are the one driving our delivery.

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SUSTAINABLE ENERGY SERVICES

We provide sustainable energy solutions ranging from district cooling plants to renewable energy services for large scale solar farms, residential and commercial buildings, as part of our commitment to reduce the carbon footprint.



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia. We are among the first to be awarded the license to produce precast Prefabricated Bathroom Unit (PBU) and obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums. Our precast business has been in operations since 1994 and we currently have a total of two precast plants with an annual capacity of 126,000 m³. We specialize in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.



CORPORATE PROFILE

BUILDING CONSTRUCTION SERVICES

Our building construction services division specialises in the design and construction of special purpose buildings with a proven track record in constructing buildings that have become national landmarks such as the Kuala Lumpur Convention Centre; Traders Hotel, Pinewood Iskandar Malaysia Studio, Legoland Malaysia Theme Park; Government Buildings in Putrajaya, amongst others. We have also completed several projects overseas in the past years.



FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

SunCon has expertise in foundation and geotechnical engineering works including piling, large diameter bored piles, diaphragm wall construction, deep basement construction, top down construction and ancillary work. We also own a large fleet of machines which enables us to provide integrated geotechnical solutions for a wide range of building projects, from residential projects to large scale developments, as well as civil and infrastructure works. Our foundation and geotechnical division primarily supports all building and civil infrastructure projects that we obtained as a Group. Hence we are able to have better control of the projects through on-site coordination and more efficient machinery utilization.



SUSTAINABLE ENERGY SERVICES

We provide sustainable energy solutions ranging from district cooling plants to renewable energy services for large scale solar farms, residential and commercial buildings, as part of our commitment to reduce the carbon footprint.



CIVIL AND INFRASTRUCTURE SERVICES

The civil and infrastructure division specialises in civil and rail infrastructure services and has vast experience in various roads, highways, airports and runways, bridges and rail transportation infrastructure projects over the last 39 years. Some of the notable projects that have been completed are the Ipoh Airport, Kajang SILK Highway, South Klang Valley Expressway (SKVE), Light Rail Transit - Kelana Jaya Line extension, Bus Rapid Transit Sunway Line and Mass Rapid Transit (MRT) Jalan Semantan to Sungai Buloh - Package V4. We have also completed the Coastal Highway Southern Link that links Medini, Johor to Singapore via the Second Link Expressway. Other than that, our track record also includes seven highway projects in India.



MECHANICAL, ELECTRICAL AND PLUMBING SERVICES

SunCon provides mechanical, electrical and plumbing (MEP) services, and specialized engineering solutions as a fully integrated construction services business. The modus operandi for our mechanical, electrical and plumbing service is very much to complement the projects under the building construction service and civil infrastructure service division in achieving the Green Building Index (GBI) as planned by our clients. We are able to offer innovative, energy efficient and cost effective MEP solutions for purpose built or specialty projects. Our MEP expertise also includes District Cooling Plants, Central Utilities Facilities, Green Buildings, Biotechnology and Renewable Energy, among others. We have the resources and know-how to complete the most technically challenging project of any size.



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia. We are among the first to be awarded the license to produce precast Prefabricated Bathroom Unit (PBU) and obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums. Our precast business has been in operations since 1994 and we currently have a total of two precast plants with an annual capacity of 126,000 m³. We specialize in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.

OUR APPROACH TO SUSTAINABILITY

We prioritise sustainability in everything we do to stay true to Sunway Group’s corporate vision – “To be Asia’s model corporation in sustainable development, innovating to enrich lives for a better tomorrow”. Thus, SunCon has aligned its material matters with seven SDGs that reflect the Group’s business operations and activities to ensure sustainable value creation.

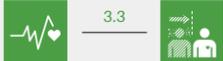
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The launch of the 2030 SDGs in September 2015 was a call to action by all countries to promote prosperity and end poverty while protecting the environment. As of today, the implementation of the SDGs has become a global collaborative effort involving governments, non-governmental organisations and the private sector. In line with Malaysia’s pledge to commit to the 17 SDGs, SunCon is committed to not only raising awareness within its business operations, but also to channelling this awareness to our stakeholders as well as the community at large.

SUNCON AND THE SDGS

In line with our operations and activities, we adopted all the SDGs in 2017 with the exception of SDG 6: Clean Water and Sanitation and SDG 14: Life Below Water. However, in 2019, we adopted SDG 14 which is in line with our CSR programme aimed at coral conservation. For this year, the Group prioritised seven SDGs that are most material to its operations and stakeholders.

3 GOOD HEALTH AND WELL-BEING



SDG Targets

3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria, and neglected tropical diseases and combat hepatitis, water-borne diseases, and other communicable diseases.

What We Do

In ensuring the safety and well-being of our workers on-site, we promote “Zero Larvae, Zero Dengue” to protect our workers as well as the local communities around us. We also require all our foreign workers to undergo the compulsory FOMEMA check-up to ensure that they are healthy and free from communicable diseases.

8 DECENT WORK AND ECONOMIC GROWTH







SDG Targets

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

What We Do

In 2020, we continued to promote sustainable economic growth by ensuring we engaged 100% local suppliers for commodity products, with more than RM124 million spent on local suppliers. We also provided local employment opportunities to over 1,700 employees, one-third of whom were below 30 years old, underscoring our commitment to employing young talent. In our aspiration to be a leading regional construction and engineering group, we are committed to ensuring the health, safety and well-being of our employees by implementing a robust Safety and Health management system with strict adherence to safe work procedures that are in line with the latest legal requirements.

OUR APPROACH TO SUSTAINABILITY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





SDG Targets

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

What We Do

Entered the renewable energy sector through a joint venture with Pekat Solar Sdn. Bhd.. The joint venture, Sunway Pekat Solar Sdn. Bhd., aims to enhance our capabilities in solar energy.

11 SUSTAINABLE CITIES AND COMMUNITIES





SDG Targets

11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

What We Do

SunCon works together with local authorities and communities to ensure that the projects it implements are planned holistically and their impacts managed sustainably. We are also driven by a Quality Management System that ensures our products are safe and meet relevant quality standards.

Our track record speaks volumes of our expertise and commitment to supporting sustainable cities and communities as we have completed many notable transportation systems such as the LRT Kelana Jaya Line Extension, Bus Rapid Transit and MRT Line 1 (Package V4) and are working on completing projects under the MRT Line 2 (Package 201) and LRT 3 (Package GS07&08).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION






SDG Targets

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

What We Do

Governed by our corporate environmental objectives that call on us to prevent environmental pollution and to manage construction waste at sites, we have implemented environmental stewardship strategies that include environmental monitoring, emissions tracking and adopting the principles of product life cycle management in areas that we operate in which are directly under our control. In addition, we do our part in influencing our supply chain to emulate our actions while ensuring that waste to landfill is minimised.



SDG Targets
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

What We Do
Release of emissions, biodiversity impact, waste disposal, pollution and other environmental issues resulting from site operations are measured to devise mitigation strategies.



SDG Targets
16.5 Substantially reduce corruption and bribery in all their forms.
16.6 Develop effective, accountable and transparent institutions at all levels.

What We Do
Our "No-Gift" Policy and Anti-Bribery and Corruption Policy have been established to ensure all business activities are conducted with Integrity, Humility and Excellence.

OUR FOOTPRINT IN OTHER SDGS

1 NO POVERTY

- Contributed to the National Disaster Relief Fund and vulnerable groups to mitigate the effects of COVID-19
- Collaborated with NGOs to support Orang Asli
- Donated cash to a temple for its expansion project

2 ZERO HUNGER

Please turn to pages 98 to 99 to read more about our contributions to the marginalised and underprivileged in the Community Engagement section.

4 QUALITY EDUCATION

- Built strong collaborative partnerships with public and private universities as well as polytechnic schools
- Created a platform for 42 young graduates to enhance their employability skills
- Provided training for employees to sharpen their skills, knowledge and competencies through our robust learning framework
- Provided study leave to employees to pursue tertiary education
- Four employees are currently pursuing a Master in Sustainable Development Management degree at Sunway University through the prestigious Jeffrey Sachs Center on Sustainable Development, which will benefit the Company in its journey to become a sustainable builder

5 GENDER EQUALITY

- We provided equal opportunities for men and women, whereby our female employees received similar pay despite being in a male-dominated industry
- 14% women's representation on the Board of Directors

6 CLEAN WATER AND SANITATION

- We monitored our operations' effluents closely to ensure that we did not pollute waterways and we will monitor our water consumption intensity to ensure water use efficiency across our business operations

7 AFFORDABLE AND CLEAN ENERGY

- We have an established track record demonstrating our capability and experience in designing Green Building Index-certified buildings, further supported by our ventures into sustainable energy services to play our part in improving the renewable energy share of the global energy mix

10 REDUCED INEQUALITIES

- We provided equal opportunity to all races and promoted meritocracy by embracing our Diversity and Inclusion Policy
- In 2020, SunCon's ratio of men to women pay equity was 0.99 : 1.00

14 LIFE BELOW WATER

- In 2019, we participated in a Coral Reef Conservation programme in which we promoted the rehabilitation of coral reefs and marine ecosystems

15 LIFE ON LAND

- We incorporated green spaces in our Design and Build projects to create a green ecosystem within the development

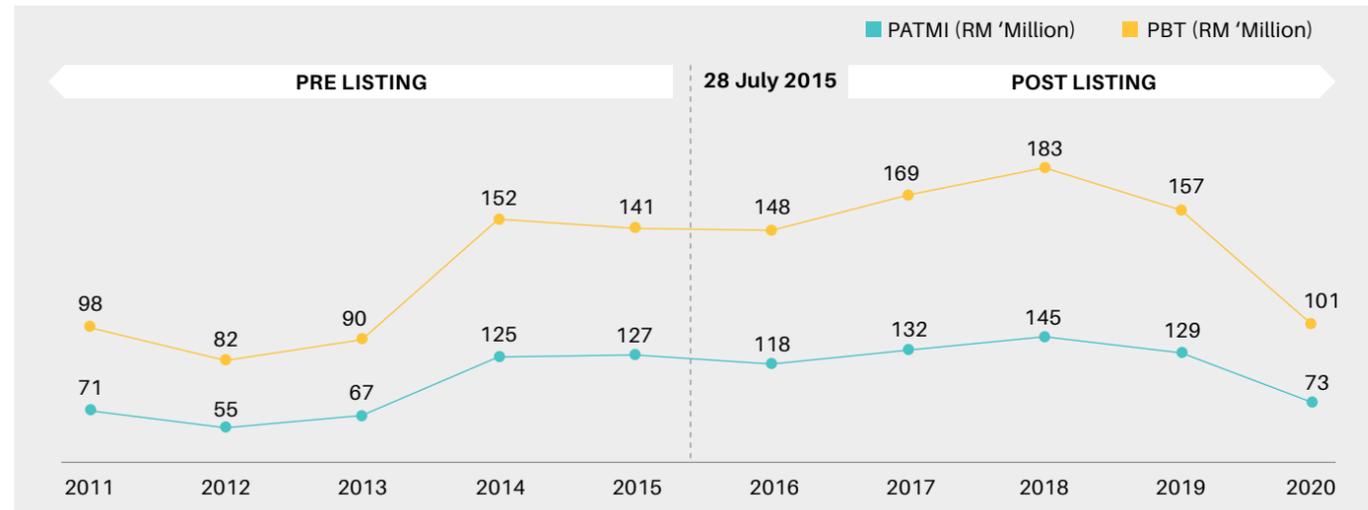
17 PARTNERSHIPS FOR THE GOALS

- Our active involvement in the Master Builders Association Malaysia (MBAM) demonstrated our dedication to promoting and developing the construction industry in Malaysia
- SunCon's joint venture with Pekat Solar Sdn. Bhd. resulted in the formation of a subsidiary, Sunway Pekat Solar Sdn. Bhd. which aims to focus on the renewable energy sector, especially enhancing our capabilities in solar energy

OUR COMPETITIVE ADVANTAGE - 5-YEAR FINANCIAL HIGHLIGHTS

PROVEN TRACK RECORD

	IPO (28.7.15)	29.12.17	31.12.18	29.3.19	28.6.19	30.9.19	31.12.19	31.3.20	30.06.20	30.9.20	31.12.20
Price (RM)	1.20	2.51	1.33	1.91	2.01	2.05	1.91	1.51	1.88	1.84	1.88
Market Capitalisation (RM)	1.55b	>3.0 b	1.72b	2.47b	2.6b	2.7b	2.5b	2.0b	2.4b	2.4b	2.4b



24th November 2020
The Edge Billion Ringgit Club Award

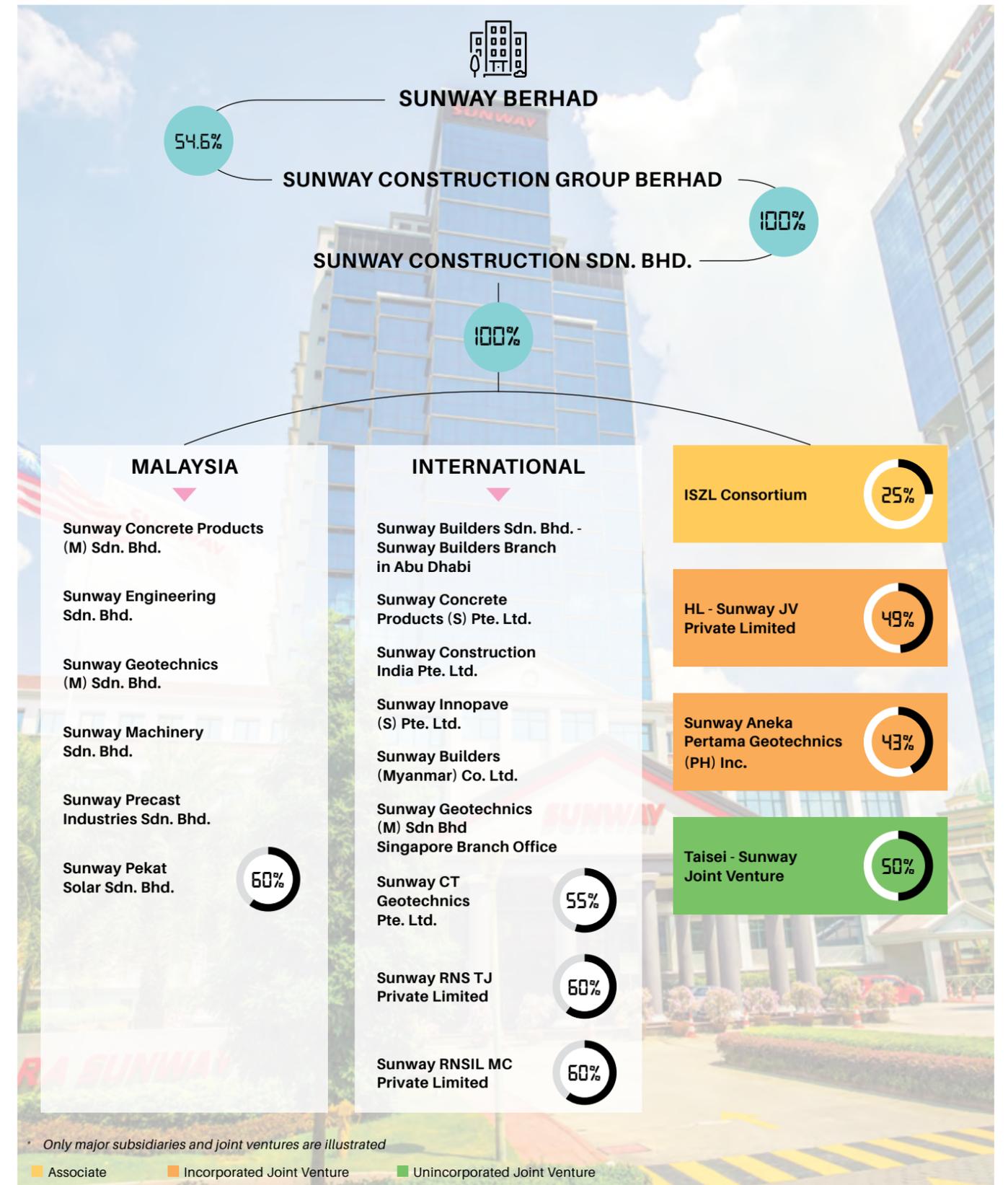


Sunway Construction Group Berhad (SunCon) was awarded the "Highest Return on Equity (ROE) Over Three Years" in the Construction Sector at The Edge Billion Ringgit Club Awards 2020 for the second consecutive year. Despite an increasingly challenging environment, SunCon had continued to achieve an outstanding performance in terms of ROE for the evaluation period from FY2017-FY2019, garnering the company the top award in its category.

Due to the on-going Conditional Movement Control Order (CMCO), the award trophy was personally presented by Mr Azam Aris, The Edge Editor-in-Chief accompanied by Ms Kathy Fong, The Edge Executive Editor to Mr Evan Cheah, SunCon's Non-Independent Non-Executive Director accompanied by Mr Chung Soo Kiong, Group Managing Director of SunCon at a private ceremony held in The Edge's office premises in Petaling Jaya on 24th November 2020.

Organised by The Edge Media Group with the aim of encouraging Malaysian companies to be even better at what they do, to grow, to invest, to create jobs as well as be socially responsible, The Edge Billion Ringgit Club Corporate Awards which is in its 11th year of running is a way to recognise Malaysia's top performing listed companies with a market capitalisation of above RM1 billion.

GROUP CORPORATE STRUCTURE



**RE:
SHAPING
OUR BUSINESS**

Dear Shareholders,

In a year which saw mounting challenges in the wider Malaysian construction industry, we increased our resolve to respond to the unprecedented challenges brought about by the COVID-19 pandemic.

Business Continuity Plans were enacted immediately to navigate the Company through the crisis in view of ultimately protecting the long-term value of our business.

The continued safety and well-being of our people remains a key priority for us. At the onset, we directed our efforts towards risk management measures to ensure the safety of our people. Safe Working Procedures were implemented to maintain social distancing along with stringent hygiene practices that were in line with the Government's directives to curb the spread of COVID-19. To reduce the risk of COVID-19, we will continue to monitor developments and mitigate risks related to the COVID-19 pandemic and its impact on our projects, operations, supply chain and the health and safety of our staff.

OUR PERFORMANCE

Despite the turbulent backdrop, SunCon has recorded a resilient full year performance with revenue of RM1.6 billion, sustained by our business expansion strategies and our in-house orders. We managed to stay on course in exceeding our order book replenishment target with RM2.3 billion in new orders and maintained a profit making position with PBT of RM101.5 million.



**DATU' IR
GOH CHYE KOON**
Chairman Of Sunway Construction Group Berhad

**MANAGING AN
UNPRECEDENTED
TIME**

Total Revenue
**RM1,552.7
MILLION**
 For more information, please refer to page 36.

Total Profit After Tax
**RM73.7
MILLION**
 For more information, please refer to page 36.

Our balance sheet remains robust and we were able to reward shareholders with a dividend payout of 4 sen per share. The dividend is consistent with our policy to distribute at least 35% of our earnings to shareholders and we are pleased to be able to continue generating strong returns to our shareholders.

Against the challenging backdrop, SunCon has continued its steadfast approach in business sustainability efforts with a focus on project execution and delivery, while expanding our core business and accelerating our business transformation enabled through digitalisation.

During the year, we have made further operation progress and this stands us in good stead today. We have completed the MRT V201 project, also known as the Putrajaya Line. The scope of work involved construction of 4.9 km of elevated viaduct including long span crossings over Keretapi Tanah Melayu (KTMB) tracks, and 3 elevated stations. The completion of the Putrajaya Line opens up further areas for development along its corridor and is set to be operational by 2021.

We have also completed the Nippon Express Warehouse project in Shah Alam which is Nippon Express Group's most extensive single-structure multifunctional logistics warehouse outside of Japan, with UNIQLO being one of the key users. The project was constructed on a joint venture with Taisei Corporation of Japan.

Sunway Group's development projects have helped to cushion the impact from the pandemic crisis. The steady flow of jobs from our parent company have translated to a more resilient performance. In 2020, we were awarded five projects from our parent company, including the Sunway International School project in Subang for RM121 million, Sunway Belfield service apartments project for RM403 million, CP2 commercial mixed development project at Sunway South Quay for RM463 million (inclusive of RM119.0 million of substructure works which was awarded in 2019), Sunway Velocity 2 Plot B serviced apartments and retail for RM253 million, and Sunway Medical Centre 4 for RM612 million,

which is inclusive of RM450 million of main building works that was awarded in 2018. Work has already commenced at all projects.

Other key projects in our portfolio include the Petronas New Leadership Centre project in Bangi and the TNB HQ Campus Phase 2 project in Bangsar, Kuala Lumpur, which are progressing steadily and are expected to complete in 2021 and 2022 respectively.

We are also progressing on track at our LRT3 GS07&08 project, with the remodelled scope of works and revised contract sum of RM1.295 billion following the cost rationalisation exercise. The project's completion date is targeted for 2022.

In the Sustainable Energy segment, we have made significant progress with the award of three external solar photovoltaic system projects from F&N Group of Companies in Shah Alam and Klang, Selangor, and in Karak, Pahang. The combined contract sum of the projects is RM18.1 million. Further to that, University Sains Malaysia (USM) had awarded us the rooftop Power Purchase Agreement (PPA) solar project which will be implemented at USM Engineering Campus in Nibong Tebal, Penang. The projects will be carried out in 2021 and are expected to complete in the same year.

A key focus of the Company's growth strategy is to expand our core business for long term value creation. In line with this, SunCon had entered into a memorandum of understanding (MoU) with ENGIE South East Asia during the year, to setup a Joint Venture company to explore district cooling systems for greenfield and brownfield urban development projects. ENGIE South East Asia is part of the ENGIE Group, the European leader in energy and value-added energy solutions with a global presence. With this collaboration, SunCon will be able to leverage on the expertise and experience from ENGIE South East Asia as well as explore opportunities to expand the district cooling technology in Malaysia as we work towards building a sustainable future together.

Regional expansion remains another key focus for our company's growth strategy. During the year, SunCon's regionalisation efforts recorded a



Petronas New Leadership Centre project

significant milestone with the award of two highway construction projects in India from the NHAI. The first project is for RM508 million and involves the four-laning of Thorapalli Agraharam to Jittandahalli section of National Highway (NH-844) from Km. 23.350 to Km. 60.100 under Bharatmala Pariyojana Phase-I (National Corridor) in the state of Tamil Nadu, India. The second project for RM315 million is for the construction of a two-lane road with paved shoulder of the Meensurutti (Km. 98.433) to Chidambaram (Km. 129.965) section of NH-227 of the Bharatmala Pariyojana Phase-I in Tamil Nadu. Both projects were awarded to our joint venture consortium with RNS Infrastructure Ltd, which we have established a long-term relationship with since our maiden venture into India in 2001. We remain optimistic that SunCon is in a good position to capitalise on the many opportunities that are present in the Indian market.

Both projects will be operated under the Hybrid Annuity Model (HAM), where NHAI will pay 40% of the project cost during the construction period while the remaining 60% will be paid over a period of 15 years as a fixed annuity amount. HAM is an initiative by the Indian government, which was introduced as a better financial mechanism for road development. The projects mark SunCon's 8th and 9th highway projects in India to date, and are part of our regional expansion strategy.

DIGITAL TRANSFORMATION

We are constantly looking for new ways to enhance our capabilities and achieve greater growth. Progressive technologies, digitalisation and automation are the key enablers which we have embraced to achieve business excellence.

As part of our on-going efforts to transform our business, in the past year, we have accelerated our digitalisation initiatives in BIM technology to help us achieve our goal of greater productivity and efficiency, and to deliver better value to our clients.

SunCon is the first construction company in Malaysia to have successfully delivered the first and the largest BIM-Facility Management (FM) project in Malaysia at the Parcel F, Putrajaya project in 2019. Since then, we have advanced our efforts in BIM-FM with the introduction of BIM-FM solutions in Sunway City as part of the Sunway's commitment to the United Nation's Sustainable Development Goals (UNSDG). To date, we have invested over RM40 million in BIM technology and BIM is now widely implemented and integrated into our daily operations.

At our project sites, we are also constantly innovating through the adoption of new, cost-effective technology. We are the first contractor in Malaysia to deploy open-source Chatbot to prototype and streamline construction site processes to further support our project operations and enhance safety implementation.

As a leading construction group, we are set to continue to grow our business by leveraging on Industrial Revolution 4.0 technologies to provide further value added services to our esteemed clients.

OUR BOARD CULTURE

As Chair, promoting a culture of openness and debate in the boardroom is one of my key responsibilities. Our 2020 evaluation of the Board's effectiveness confirmed that we have a collaborative and collegiate Board whose discussions are both challenging and constructive. The evaluation process was conducted internally and included a questionnaire completed by each Board member. We looked at the relationship between the Executive Directors and the Non-Executive Directors as well as the effectiveness of each of the committees. The results did not raise any issues for the Board to address in terms of the way that we operate.

With regard to the culture of the Group as a whole, we as a Board play an important leadership role by demonstrating our commitment to the Group's long-established core values and our commitments to being a responsible business. These values and commitments give strength and cohesion across our businesses to ensure that the resources fundamental to our business model are nurtured to drive long-term profit and social value, for the benefit of our stakeholders.

CORPORATE GOVERNANCE

SunCon is committed to upholding a high standard of corporate governance and business integrity in our business, to ensure long-term business sustainability and enhancement of shareholder value as we continue to grow.

To further strengthen our corporate governance practices, during the year we have officially rolled out the Anti Bribery and Corruption (ABC) Policy. The ABC Policy outlines the Company's zero tolerance approach against all forms of bribery and corruption and is in adherence to all relevant Malaysian laws, including the Malaysian Anti-Corruption Commission Act 2009. The policy has been made compulsory to all our staff and

business partners. Further to that, we have also appointed a Compliance Officer to our leadership team to ensure a high standard of compliance to all regulatory and internal requirements.

During the year, our corporate governance practices had achieved multiple recognitions. We won the

2019 MSWG-ASEAN Corporate Governance Scorecard Award - Asset Class Award	2019 MWSG-ASEAN Corporate Governance Award - Industry Excellence Award - Construction category
--	--

We were also recognised as among the top 10 companies out of 100 public listed companies in Malaysia with the best corporate governance disclosures. This marks the 4th consecutive year that we have won the prestigious award since our listing in 2015.

Apart from that, we won the Platinum Award in the National Annual Corporate Report Awards (NACRA) 2020, which is the highest award for the category of companies with market capitalisation below RM2 billion. The awards are based on a new framework which integrates elements of sustainability and integrated reporting.

We regularly review and strengthen our approach to governance to reflect best practice and the changing environment, and to help us deliver on our vision.

SUSTAINABILITY PERFORMANCE

At SunCon, we recognize the important role sustainability plays in continuing to be a leader in the construction industry. As part of the Sunway Group, we uphold the Group's corporate vision "to be Asia's model corporation in sustainable development, innovating to enrich lives for a better tomorrow". Driven by our commitment to conduct business in a sustainable and responsible manner, we strive to make a positive impact on the communities in which we operate by integrating Environment, Social and Governance (ESG) considerations into our decision making practise.

SunCon's sustainability leadership was recognised by the prestigious Asia Sustainability Reporting Award (ASRA) 2019 for the second consecutive year, whereby we won the Bronze award in the category of Asia's Best Sustainability Report Within Integrated report. We were also honoured to be recognized with the Gold Award in The Asset ESG Corporate Awards 2020 which benchmarks corporate sustainability among regional companies in Asia.



Apart from that, we maintained a score of 'BBB' in the MSCI ESG Ratings which aims to measure a company's resilience to long-term, financially relevant ESG risks. The score represents an average rating in the construction and engineering industry.

We continue to make progress in our sustainability agenda by pledging our support in the Task Force for Climate-related Financial Disclosures (TCFD) recommendations in 2021. We are among one of the first few Malaysian firms to join more than 1,700 organisations worldwide to support this cause which aims to achieve a carbon neutral world by 2050.

As part of our sustainability initiatives, during the year, we have implemented rooftop solar panels at our new machinery workshop in Sunway Enterprise Park and precast manufacturing plant in Senai, Johor to reduce the carbon emissions of our site operations. Moving forward, SunCon will continuously reduce our environmental footprint by establishing and measuring key metrics in line with Sunway Group's sustainability efforts. Apart from that, we aim to certify our precast division with manufacturing facilities in Johor to environmental management system ISO 14001 and ISO 45001 occupational health and safety management system.

PROSPECTS

Looking ahead, the Malaysian economy is expected to pick up steam in 2021 with a growth range of between 6.5% and 7.5% (BNM), following the contraction in 2020. The economy has already started showing signs of recovery with the virus appearing to have peaked, the commencement of vaccine rollout, and the easing of MCO restrictions. However uncertainties still remain on the slow rollout of vaccines due to supply bottlenecks and the emergence of new virus variants which may cause a setback to the path to recovery.

We anticipate the construction sector in Malaysia to remain challenging on the back of the soft economic landscape. However with our strong order book of RM5.1 billion as at December 2020 we can tide over these two years until the economy bounces back with more infrastructure pump priming from the Government. We will continue to look at expanding overseas in the ASEAN region and India, as well as our in-house bedrock order book from the Sunway Group which has helped to cushion the impact from the pandemic crisis. We will also capitalise on the prospects of the growing renewable energy sector in the country as well as district cooling systems to further grow our business. Operationally, we strive to continue to optimise our productivity with constant improvement in automating and digitalising various processes and continue with our VDC (Virtual Design and Construction) journey to further improve all aspects of the project life cycle. We are confident that the Company will remain resilient to steer through the uncertain and challenging outlook and are cautiously optimistic of a positive performance in the year ahead.

APPRECIATION

We wish to thank our clients, business partners and employees for their dedication and support during this challenging year. Our achievements in 2020 would not have been possible without the hard work and commitment from all of you.

DIVIDENDS



1ST INTERIM DIVIDEND OF 1.25 SEN PER SHARE

First interim single tier dividend of 1.25 sen per ordinary share for the financial year ended 31 December 2020



2ND INTERIM DIVIDEND OF 2.75 SEN PER SHARE

Second interim single tier dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2020



DIVIDEND POLICY

	2020	2019	2018	2017	2016
Dividend per share (RM'sen)	4	7	7	7	5
Dividend payout (RM'000)	51,574	90,256	90,457	90,457	64,646
Profit After Tax and MI (RM'000)	72,786	129,324	144,426	132,296	123,519
Dividend Payout Ratio	71%	70%	63%	68%	52%

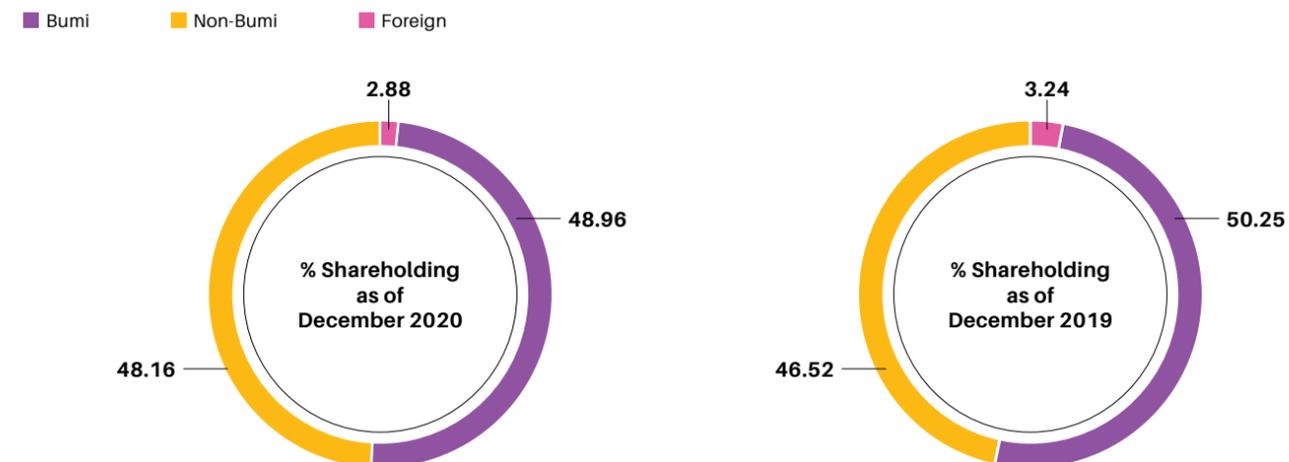
SunCon's dividend policy is to distribute at least 35% of our net profit for the year back to our esteemed shareholders. The Board's intention is to continuously pay good dividends to our shareholders in appreciation of their support towards the company's growth.

During the year, SunCon declared a total dividend of 4 sen per share. We have consistently paid higher dividend payout since our listing in 2015.

We are committed in delivering satisfactory results backed by strong fundamentals and sound balance sheet to reward shareholders more than the Group's dividend payout policy of 35% of net profit.

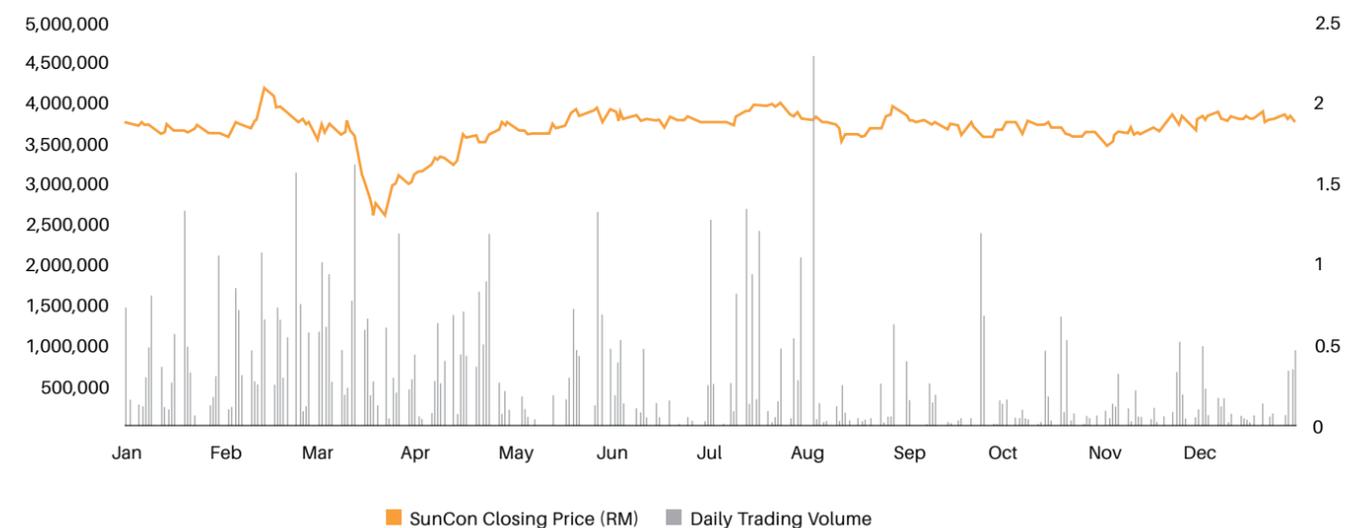
REVIEW OF SHARE PERFORMANCE

Sunway Construction Group Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

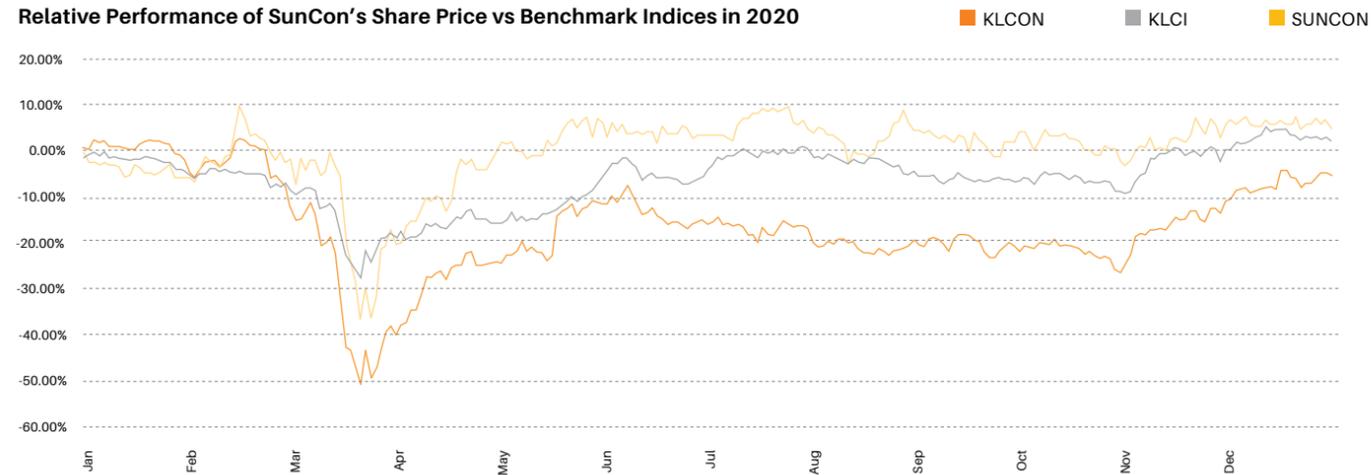


	Year Ended				
	2020	2019	2018	2017	2016
Market Capitalisation (RM'000)	2,423,995	2,462,676	1,718,687	3,244,308	2,197,930
Year End Closing Price (RM)	1.88	1.91	1.33	2.51	1.70
Dividend Per Share (RM'sen)	4	7	7	7	5
Basic EPS (RM'sen)	5.64	10.02	11.18	10.24	9.55

SunCon Share Price & Volume Performance in 2020



Relative Performance of SunCon's Share Price vs Benchmark Indices in 2020



OPENING PRICE	SunCon 1.91	KLCI 1,588.76	KLCON 209.20
CLOSING PRICE	SunCon 1.88 ▼ 1.6%	KLCI 1,627.21 ▲ 2.4%	KLCON 186.67 ▼ 10.8%

1Q CLOSE 31-MAR		2Q CLOSE 30-JUN		3Q CLOSE 30-SEP		4Q CLOSE 31-DEC	
SunCon	1.51	SunCon	1.88	SunCon	1.84	SunCon	1.88
KLCI	1,350.89	KLCI	1,500.97	KLCI	1,504.82	KLCI	1,627.21
KLCON	137.87	KLCON	170.75	KLCON	161.83	KLCON	186.67

SunCon opened FY2020 at RM1.91 and the share price climbed steadily to a high of RM2.10 on 14 February 2020. It was hovering steadily around RM1.80 and RM1.90 before the announcement of Movement Control Order (MCO) by the Prime Minister.

Due to the COVID-19 pandemic, the Malaysian Construction sector came to grinding halt with the nationwide Movement Control Order (MCO) starting from 18 March 2020 for a period of 2 weeks. SunCon's share price declined steeply by 20% on the day of MCO announcement by the Prime Minister. It eventually hit the lowest at RM1.29 on the second day of MCO. There was a panic selling of construction stocks as MCO is deemed to have a direct impact on the construction sector's earnings since there will be no progress at site.

SunCon's share price recovered steadily during the MCO and closed at RM1.51 on the last trading day of 1Q2020 which was a drop of 21% as compared to the opening share price for the year along with the Bursa Malaysia KL Construction Index's (KLCON) and FTSE BM KLCI Index's decrease of 34% and 15% respectively.

During 2Q2020, the MCO was being extended to the second and third phase of biweekly each. In the third phase of MCO, the Prime Minister

had relaxed the restrictions by allowing some construction works to resume operations albeit with strict guidelines to protect the general health and wellbeing of workers. SunCon's share price climbed up to RM1.88 at the end of 2Q2020 due to the news of resumption of work.

All in all, the share price was very volatile in the first two quarters of 2020 due to the unexpected circumstances caused by the unprecedented pandemic.

The first month of 3Q2020 saw 100% recovery of work which enabled SunCon's share price to slowly climb back to a high of RM2.00. Moreover, SunCon had also secured two new projects from indirect subsidiaries boosting its new order book secured for the year to RM2 billion. Subsequently, SunCon closed 3Q2020 at RM1.84.

Although the government had announced the second stage of Recovery Movement Control Order (RMCO) extension until 31st December 2020, but construction was allowed to operate, hence it did not affect our site work progress. SunCon closed FY2020 at RM1.88 outperforming Bursa Malaysia KL Construction Index by about 10% and lower than the FTSE BM KLCI Index marginally.

OUR STRATEGIC CONTEXT
MARKET
LANDSCAPE



The unprecedented advent of the COVID-19 pandemic changed the course of all economies and impacted Nations in a way never before seen in history. The pandemic forced international borders to close, impacted people's health and livelihoods and dampened overall global growth.

As a trading Nation, the Malaysian economy faced tremendous challenges posed by the pandemic. The downturn in global growth coupled with volatile commodity prices and an increase in COVID-19 cases coerced the Government to trigger Stimulus packages to uplift the economy. Locally, the Malaysian economy, during the year under review, declined by 5.6%, the worse since the 1998 Asian Financial Crisis.

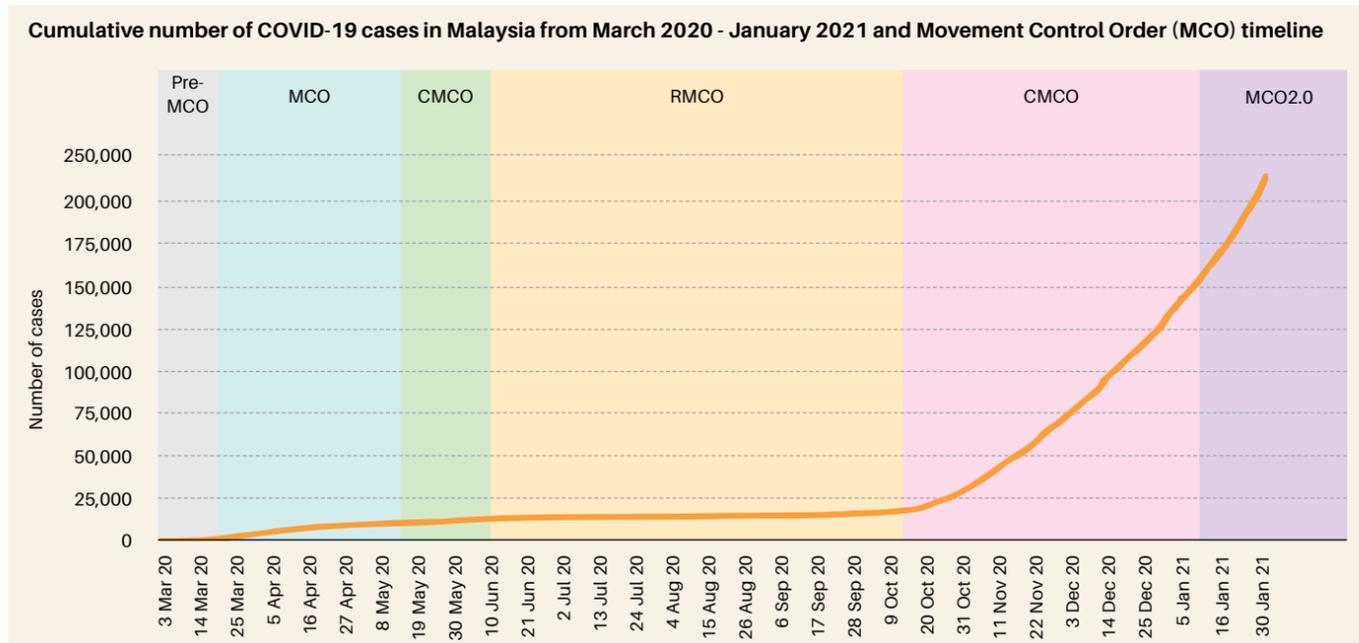
The Malaysian construction sector contracted by 19.4% largely attributed to the COVID-19 outbreaks and restrictive measures that ensued which resulted in labour shortages, project site shutdowns and interruptions in progress of selected work packages. The sector was also hampered by building material price increases, including steel bars and copper. The prices of steel bars had increased

following the resumption of construction activity. Copper prices had rebounded sharply from the depths of the pandemic crisis due to robust demand from China's manufacturing rebound and strong imports of raw materials. Apart from that, the construction sector was faced with stringent requirements on centralised workers' accommodations in line with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446), arising from the COVID-19 pandemic.

In Singapore, the Nation recorded its worse recession since the global financial crisis of 2007 with a contraction of 5.4%. Singapore was one of the earliest countries outside of China to be infected with COVID-19 and circuit breakers adopted to contain the virus had the effect of severely contracting the economy. The COVID-19 measures led to a complete halt in most construction activities, disrupted manpower and caused movement restrictions at foreign worker's dormitories. Our precast supply to Housing Development Board (HDB) projects were heavily disrupted as only 19% of our projects had approval to restart operations after a two month waiting period in June 2020.

Steel bar price (T10-T40)





4D TIME & RESOURCE MANAGEMENT

Better Planning, Faster Completion and Lower Cost

SunCon is one of the few contractors in Malaysia that has experience in fulfilling 4D requirements contractually

Mobile-friendly web application that is capable of recording progress and photos at site

Customising BIM-FM solutions for our clients

SunCon has successfully completed Parcel F project, the largest BIM-FM building project in Malaysia

6D FACILITY MANAGEMENT (FM)

Expert in BIM-FM Integration

8D ENVIRONMENTAL, HEALTH AND SAFETY

Improving Safety Through Digitalisation

Bringing mobility to project site safety processes

SunCon is the first contractor in Malaysia and one of first few in the world to deploy open-source Chatbot to prototype and streamline construction site processes to support project operations, planning and safety

WHAT WE CONSIDER MATERIAL

Materiality assessment is an integral part of our sustainability journey as it helps us adapt to rapidly changing business landscapes and stakeholder expectations.

It enables us to assess our risks and opportunities against economic trends and engage with internal and external stakeholders to understand their expectations and strive for effective responses. Through a materiality assessment, we are able to identify and assess the economic, environmental and social (EES) issues that matter most to our business operations and stakeholders as we endeavour to create value for society and ensure sustainable business growth.

In 2018, we identified 19 material matters and reassessed them in 2019. This year, we reviewed the matters against local, regional and global megatrends to identify major gaps and validate their relevance to our stakeholders and business operations. During the review, we considered the following key parameters:



Based on the validation exercise, we are pleased to report that the number of material matters remains unchanged as there were no major gaps between our material matters and the industry's. To deepen our commitment to climate change and align with Group reporting, we renamed Climate Resilience as Physical Impacts of Climate Change, which encompasses our commitment to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Corporate Social Responsibility was also renamed as Community Engagement to better reflect our community engagement activities.

MATERIALITY REASSESSMENT PROCESS

IDENTIFY

A comprehensive list of material sustainability matters were identified and discussed within the Sustainability Working Committee (SWC). The list of material matters was approved and confirmed by the Sustainability Steering Committee (SSC).

ASSESS

Materiality assessments were conducted in workshops with participation from senior management and respective Heads of Departments.

DEVELOP

The results of the materiality assessment were plotted on a materiality matrix which showed each matter's position according to its importance to the Group's business operations and its stakeholders.

VALIDATE

The materiality matrix was then reviewed and validated by the senior management.

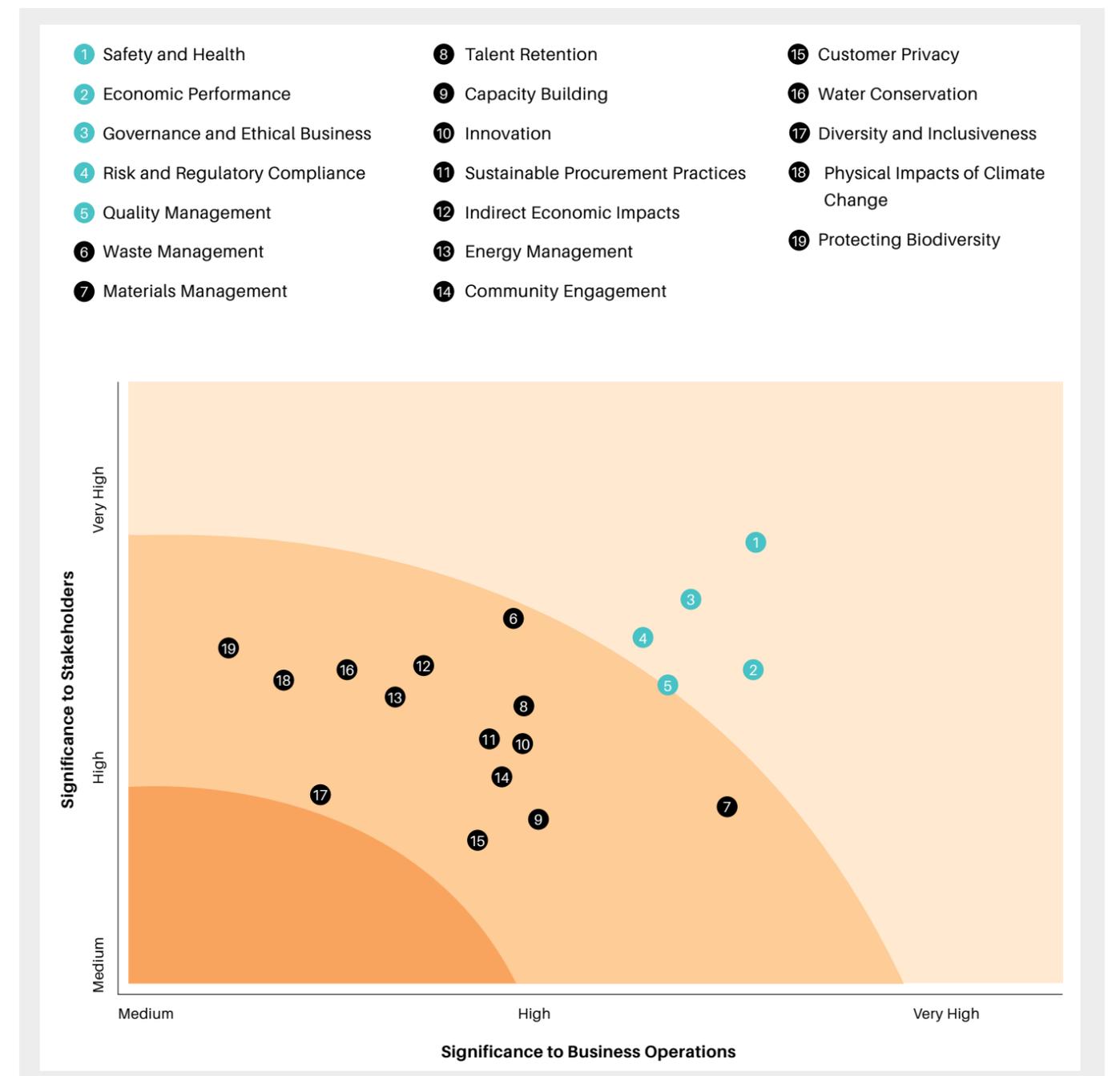
REVIEW

These material sustainability matters will be reviewed and reassessed for their continuing relevance in the sustainability context from time to time.

WHAT WE CONSIDER MATERIAL

MATERIALITY MATRIX

In 2020, we prioritised the five material matters which have the greatest impact on our business based on the data mapped in 2019 to give greater focus to the matters. To better align our matters with industry peers, we moved Materials Management up by three spots to the seventh place and shifted Innovation to number 10. Talent Retention was also moved one spot lower to eighth place while the ranking of the other material matters stayed the same. The assessment rankings of the 19 material sustainability matters identified in 2019 were mapped onto a materiality matrix, where the "x" axis represented each matter's significance to business operations and the "y" axis, its significance to stakeholders.





WE HAVE CORPORATE STRATEGIES WHICH HELP TO DRIVE VALUE CREATION...

<p>To be the Top 3 Construction and Engineering Company in Malaysia</p>	<ul style="list-style-type: none"> The Group targets a min revenue of RM2 billion annually The Group aims to maintain a return on capital employed (ROCE) > 30% We target a minimum order book replenishment of RM2.0 billion to RM3.0 billion per annum
<p>Sustainability through Environment, Safety and Health</p>	<p>SAFETY AND HEALTH</p> <ul style="list-style-type: none"> To achieve ZERO life loss To maintain AFR below 0.15 To achieve Safety and Health Assessment System in Construction (SHASSIC) score 4 Star and above <p>ENVIRONMENT</p> <ul style="list-style-type: none"> To maintain ZERO compounds and fines from environmental violations
<p>Sustainability through employees as our key assets</p>	<ul style="list-style-type: none"> We hope to maintain productivity of more than 15 times (2019: 12, 2018: 13, 2017: 12, 2016: 10, 2015: 11) We target employee turnover to be lower than the industry's attrition (2019: 14.4% vs 13.8%, 2018: 13% vs 9%, 2017: 13% vs 15%, 2016: 15.1% vs 15.1%) Employee Engagement Survey aspiration score of 2021: >75% (2019: 72%, 2017: 69%, 2015: 59%)
<p>Sustainability through Quality and Innovation</p>	<p>QUALITY</p> <ul style="list-style-type: none"> To achieve at least 90% in Customer Satisfaction Score We aim to maintain QCLASSIC score more than the Malaysian industry average presently at 71% (2019: 75% vs Industry average 73%, 2018: 74% vs industry average 74%, 2017: 81% vs Industry average 74%) <p>INNOVATION - DIGITAL TRANSFORMATION</p> <ul style="list-style-type: none"> Being in the age of disruption, the Group will further improve the Virtual Design and Construction particularly in tracking the progress of project, costing and facilities management The Group will also further automate the billing system after successfully implementing the Esker Invoicing for the past 2 years. We target to improve operational efficiency as a whole
<p>Global Expansion and New Product</p>	<p>GLOBAL EXPANSION</p> <ul style="list-style-type: none"> Overseas venture (India, Indonesia, Philippines) <p>NEW PRODUCT</p> <ul style="list-style-type: none"> Exploring further Sustainable Energy opportunities and various green products through Mechanical, Electrical and Plumbing division such as Large Scale Solar Projects and district cooling plants

WE TAKE INTO CONSIDERATION

RISKS PERFORMANCE GOVERNANCE OUTLOOK

THESE ARE OUR INPUTS

Financial Capital

SunCon's operations are typically funded on internally generated funds and a portion of well-adjusted debt. We have a robust capital management system in place to maintain a stable financial position.

Manufactured Capital

SunCon owns a number of plants and a wide range of machineries. We have two Precast plants in Johor and RM73 million worth of machineries.

We are currently developing an advanced precast manufacturing facility in Singapore to mechanise the production of precast components (ICPH).

Human Capital

Our community spans across all age groups with diverse technical knowledge and capabilities. Cultivating lean and synergistic teams and creating an engaging, empowering and energising work environment remain key areas of focus for SunCon.

Intellectual Capital

Building Information Modeling (BIM) Technology coupled with Integrated Project Delivery enables better coordination throughout the entire construction lifecycle.

We leverage on digital technology to enhance efficiency and enable business transformation.

Natural Capital

SunCon utilises water, energy and raw materials in the form of cement, sand, steel and construction aggregates in our business operations. We seek to manage and utilise resources, as well as carry out our business operations in a responsible manner that reduces the impact to the environment.

- ISO 14001 & ISO 45001 certified

Social and Relationship Capital

SunCon engages and maintains strong relationships with our key stakeholders, namely clients, business partners, professional bodies and local communities where we build.



AND PRODUCES OUTPUTS

Market Capitalisation:
RM2,431 million

New Order Book:
RM2,334 million

Return on Capital Employed:
12%

SAFETY AND HEALTH

Accident statistics:
2 fatal accidents

Refer to page 76

SHASSIC score
5 Star - 4 projects (SMCSJ, PNLC, LRT3 GS07&08 & 3C4)
4 Star - 2 projects (SCME & RC1)

Accident Frequency Rate (AFR):
0.27

ENVIRONMENT

Environmental Compounds & Fines: **Nil**

Staff Productivity:

13 times

Attrition Rate:

13.1%

Employee Engagement Score:

N/A*

(* the Employee Engagement Survey is carried out once every 2 years)

Customer Satisfaction Score:

96.1%

Average QCLASSIC Score:

N/A*

(* QCLASSIC assessment was not carried out in 2020 as SunCon's projects were still at on-going stage)

We were awarded 2 highway projects in Tamil Nadu, India jointly with RNS Infrastructure Ltd, on the hybrid annuity model (HAM) approach.

We signed a Memorandum of Understanding (MoU) with ENGIE South East Asia to venture into district cooling systems for greenfield & brownfield urban development projects.

WHICH ULTIMATELY DELIVERS OUTCOMES THAT FURTHER CREATE VALUE

Delivering Sustainable Shareholders' Returns

- Good track record which provides greater access to high returns and opportunities

Responsible Governance

- Uphold good corporate governance practices throughout the business operations

Managing Our Environmental Impacts

- Mitigate any negative environmental impact by observing best industry practices and strict adherence to environmental regulations

Strengthening Economic Integrity

- Continuously have a positive impact on the local economy and our stakeholders and to expand our business in a sustainable manner which includes management of investment

Embedding Safety, Innovation And Quality In Construction

- Create a safe and healthy working environment for all employees and safeguard public safety whilst maintaining quality construction

Human Capital Development

- Empowering employees to achieve career aspirations
- Create conducive workplace where our employees can grow professionally and personally

Building Community Resilience

- Support the vulnerable sections of the community and engage the public to gather feedback to understand their concerns

THE RISKS WE CONSIDER

HOW WE MANAGE RISKS

The Group has remained clear on the benefits of risk management and committed to delivering these benefits throughout 2020. Overall responsibility for managing risk rests with the Board but the required policies, procedures and culture are evidenced at each location as part of an agile, intuitive and holistic framework. A dedicated risk management function ensures the Group adheres to both regulatory requirements and adopts industry good practice in its approach to identifying, assessing, responding to and monitoring risk.

INTEGRAL TO PROJECT DELIVERY

The capture and assessment of risk and opportunity is at the heart of decision making at SunCon and the agreed process for effective risk management has been communicated throughout the Group. Effectively managing risk helps preserve value through management and control of potential exposures. Adapting and building on industry-wide good practice, the four key steps of the SunCon Risk Management Process ensure the formal capture and assessment of risk is achieved through a consistent and standardised approach across the business. Our Risk Management processes can be found on pages 149 to 153.

REMOVING UNCERTAINTY THROUGH UNDERSTANDING

Understanding and effectively managing the Group's risk profile and establishing the most effective way to accept, manage further or transfer risk is central to the Group's decision-making process. The principal and emerging risks and uncertainties are mapped to strategic and business plans to ensure the appropriate coverage of risks, allowing the Board to make a robust assessment of the principal and emerging risks which the Group faces, the controls in place to remove or mitigate these risks and whether these risks represent new, increased or decreased threats. The risk profile comprises interlinked and discrete contract, operational and strategic level risks which are focused on understanding the worst-case scenarios that could threaten the Group's position, performance, business model and strategy. The principal risks to the business are set out on the following pages, as they relate to our Group strategic objectives. The list is not exhaustive but includes those risks currently considered most significant or emerging in terms of potential impact, together with mitigating actions being taken.

Risk Category:

-  Regulatory
-  Financial
-  Operations
-  Human Capital
-  Market Condition
-  Legal

1 RISK OF BRIBERY & CORRUPTION PRACTICES

Risk Category:



Link to Material Matters: Governance and Ethical Business | Risk and Regulatory Compliance

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Sunway Construction's Anti-Bribery and Corruption Policy (ABC Policy) complies and adheres to applicable laws, rules and regulations and upholds the highest ethical standards. The policy is applicable to all SunCon's employees and associates and covers gifts, entertainment and hospitality, donations, sponsorships, corporate responsibilities, facilitation payments, kickbacks and money laundering, political contribution, dealing with associates and third parties, dealing with public officials, and recruitment of employees. • Sunway Construction's Whistleblowing Policy & Procedures protects the employees or associates acting in good faith to report any cases. | <p>Potential Impact(s):</p> <ul style="list-style-type: none"> • Financial losses/legal suit/regulatory fine/negative goodwill • Public embarrassment • Investigations by 3rd party and/or government departments | <p>Mitigating actions</p> <ul style="list-style-type: none"> • Tone from the top - direct messages from top management to all employees, and business associates including government officials in relation to Anti-bribery and Corruption Policy • Town halls meetings to communicate our ABC Policy with subcontractors/suppliers and they are required to declare their stance on our ABC Policy during tender/procurement process • All employees are required to complete mandatory e-training program on Code and Conduct Business Policy, Conflict of Interest Policy in SAP Success Factor Cloud Based HR Solution • Annual assessment to be conducted by Group Internal Audit Department (GIAD) • Continuously monitor and identify areas of weakness in the company's culture, structure and existing approval controls |
|---|--|---|

THE RISKS WE CONSIDER

2 HIGH STAFF TURNOVER & SKILLED PERSONNEL TURNOVER

Risk Category:



Link to Material Matters: Talent Retention | Quality Management | Diversity and Inclusiveness | Capacity Building

- | | | |
|---|---|---|
| <p>Skilled project management staff are critical to ensure the continuous success of a project. Resignations and departures may disrupt project progress and result in cost increments in the short run until suitable replacement(s) are identified.</p> | <p>Potential Impact(s):</p> <ul style="list-style-type: none"> • Project delays and lead to LAD • Quality of deliverables might be affected • Lost of loyalty • Training cost for new staffs | <p>Mitigating actions</p> <p>Internally train to replace those who have resigned:</p> <ul style="list-style-type: none"> • Future Leaders Program to train young graduate engineers • Core Engineering Program to develop experienced engineers • Project Management Professional (PMP) to develop Project Managers |
|---|---|---|



- Develop managerial capabilities via:
- Leadership Development Center to assess leadership competencies of High Potential (HiPo) employees
 - Sunway Group's core programmes: 7 Habits of Highly Effective People, First Time Line Managers Program (FLM) and Situational Leadership Program (SLX)
 - Coaching for Excellence & Managing for Excellence workshop

- Engaging employees via:
- Monthly engagement with Leadership Group via Coffee Chat with Senior Leaders
 - Sunway Construction Social Club activities
 - Long Service Awards, Annual Dinners, Family Days & other celebrations to foster togetherness
 - Town halls meetings to communicate changes and address concerns raised
 - Top Management members and HR championing employee engagement interventions to drive from 3 pillars:
 - 1 Leadership & Management Effectiveness
 - 2 Career Development
 - 3 Empowering & Energizing Environment

- Focusing on pay for performance across the company
- To differentiate those with consistent good performance track record
 - In the long run, reinvent our workforce to one of a more productive profile

- Build Employer Branding and Young Talent Pipeline
- Strategic University Relationships with selected institutions of higher education

3 COST OVER RUN

Risk Category:   

Link to Material Matters: Economic Performance | Sustainable Procurement Practices | Material Management | Waste Management

This risk concerns the Group as the fluctuations for raw material prices especially steel bar, concrete and any preliminary cost due to prolongation of project may result in the overrun of project costs from the tender costs. This would in turn increase the project cost and possibly reduce the margin.

Potential Impact(s):

- Erosion of overall project margins would render Return on Investment to an unattractive percentage

Mitigating actions

- Pursuing Variation Order and Loss and Expense with client
- Monitoring of material cost and wastage
- Negotiate with supplier to hedge the raw material prices to protect against fluctuation of prices

4 RETURN ON INVESTMENT OF MACHINERY/ASSETS & IDLE MACHINES

Risk Category:  

Link to Material Matters: Economic Performance

The Group needs to have an adequate pool of projects to minimise the risk of having non-productive idling machines.

Potential Impact(s):

- Unable to recoup the investment - the machines may be redundant after the completion of the projects
- Idle machines incurred storage cost
- Additional depreciation charge not absorbed by projects

Mitigating actions

- Keep sourcing for new jobs
- Rent out idling machineries to external party/ overseas

5 RELIABILITY OF SUB-CONTRACTORS

Risk Category:  

Link to Material Matters: Economic Performance | Quality Management

The construction sector requires various sub-contractors with specialised technical abilities to complete each project. Hence, the reliability of the sub-contractor is critical.

Potential Impact(s):

- Over-reliance on these sub-contractors
- Lower margins due to potential high pricing from the few sub-contractors

Mitigating actions

- Maintain cordial relationship with existing performing sub-contractors
- Conduct periodical review of subcontractors' performance
- Source for new sub-contractors to increase the existing pool

6 WORKERS ACCREDITATIONS FROM CIDB

Risk Category:    

Link to Material Matters: Capacity Building | Quality Management | Risk and Regulatory Compliance

All workers (both local and foreign) and site supervisors at site must be CIDB accredited in their trades of work to avoid stop work orders and impositions of penalties.

Potential Impact(s):

- Imposition of penalty on main contractor
- Group image may be negatively affected
- Stop work orders may be issued by authority causing delays in site progress

Mitigating actions

- Coordinate and send all workers and site supervisors in batches to CIDB classes to get accredited in their respective trades of work
- Provide assistance to subcontractors in terms of the forms required and processes in getting accreditations

7 LEGAL WORKERS

Risk Category:    

Link to Material Matters: Economic Performance | Quality Management | Risk and Regulatory Compliance

All foreign workers present and working at construction sites must be legal with working permit and valid CIDB Green Card.

Potential Impact(s):

- Imposition of penalty on main contractor
- Group image may be negatively affected
- Stop work orders may be issued by authority causing delays in site progress

Mitigating actions

- Site engineers and PIC to ensure constant monitoring and regular checks are conducted to ensure all workers at site and Centralised Labour Quarter (CLQ) possess valid work permits and passports

8 DEPENDENCE ON THE PROPERTY MARKET AND GOVERNMENT INFRASTRUCTURE SPENDING

Risk Category: 

Link to Material Matters: Economic Performance

In the current economic climate, the slowdown in the local and global economy affects the Group in terms of order book replenishment. The decline of demand in the property sector and government infrastructure spending further bring stress to the construction industry. In Singapore, the manufacturing and sale of precast concrete products business segment is also dependent on the number and timing of launches by the Housing Development Board ("HDB").

Potential Impact(s):

- Excess of staffs
- Idling machines
- Group profit would be negatively affected

Mitigating actions

- Take up more in-house projects
- Venture overseas for more projects (ASEAN countries) - Infrastructure (India), Geotechnics (Singapore and Philippines)
- Continue to tender for local projects - Geotechnics
- Explore more opportunities in sustainable energy sector

9 COVID-19 PANDEMIC

Risk Category:

Link to Material Matters: Economic Performance | Safety and Health | Risk and Regulatory Compliance

COVID-19 outbreak, a pandemic as declared by WHO has adversely impacted the Group in all aspects. To help counter the COVID-19 pandemic, the government has initiated the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO).

This pandemic has caused all projects to stop its operations during the MCO period and thus heavily impacted the company financially and its operations. The Group has since been back to full operations with the gradual lifting of the movement control orders.

- Potential Impact(s):**
- Loss of revenue and profit
 - Lower productivity due to compliance with new safe work procedures
 - Risk of stop work order in the event of major outbreak of COVID-19 cases at project sites
 - Risk of supply chain disruption

- Mitigating actions**
- Implemented Business Continuity Plan 2, Post-MCO Safe Work Procedures (e.g. Temperature scan, daily log, contact tracing, mandatory mask wearing, restriction of physical meetings/gatherings, process flow chart, social distancing, sanitizing schedule, staggered working hours, etc.)
 - Accelerate digitalisation initiatives to minimise disruption to our workflow and enhance productivity
 - Operations to catch up on site progress/work done when site is permitted to operate under strict SOP in order to minimise the revenue claim gap between actual and budgeted
 - Monitor and control Group's expenses to further minimise the financial impact of MCO

10 CREDIT AND LIQUIDITY

Risk Category:

Link to Material Matters: Economic Performance | Indirect Economic Impacts

These risks arise from the inability to recover debts in a timely manner which may negatively affect the Group's profitability and cash flows. Construction industry is a cash intensive one in which heavy capital funding is required initially and throughout the project in order to achieve physical progress while waiting for certifications and payments from clients. The slowdown of the industry coupled with longer payment terms have gradually increased the debtors' turnover ratio.

- Potential Impact(s):**
- Collection issue

- Mitigating actions**
- The Group minimises such exposures through persistent and close monitoring of collections and overdue debts, engaging in active negotiations and employing strict debt repayment policies
 - Fortunately, the Group has accumulated substantial cash reserves over the years and built up good image and credibility. Hence, the risk is further minimised and the Group is able to access to funds whenever necessary
 - The Group is very selective in the projects that we tender for and adopts a very stringent approach to credit risk

Legend: Progress tracking

Meeting interim target, maintain performance towards meeting 2030 target

Falling short of interim target for one year, review current practices

Falling short of interim target for more than two years, review and revise target (if necessary)

Future Value 2030 Goals	2030 Targets	Interim 2020 Annual Targets	FY2020 Performance
Goal 1: Sustainable construction			
CLEAN WATER AND SANITATION	Achieve reduction of Carbon Emissions Intensity ¹ per unit revenue by 10% from 2020 levels (Baseline: 98 tonnes CO ₂ e/RM mil)	-	Baseline established
INDUSTRY, INNOVATION AND INFRASTRUCTURE	Achieve reduction of Water Use Intensity per unit revenue by 10% from 2020 levels (Baseline: 253 m ³ /RM mil) ²	-	Baseline established
SUSTAINABLE CITIES AND COMMUNITIES	Achieve 10% of waste diversion from landfill ³	-	In progress to establish a preliminary waste baseline
RESPONSIBLE CONSUMPTION AND PRODUCTION	Achieve 100% major commodity suppliers being ISO 14001-certified	-	In progress
CLIMATE ACTION	Achieve minimum 80% QLASSIC score for all building projects directly controlled by SunCon ⁴	80%	No QLASSIC assessments were undertaken
Goal 2: Fair, safe and inclusive workplace			
GOOD HEALTH AND WELL-BEING	Maintain zero bribery and corruption incidents across SunCon's core operations	Zero	Zero bribery and corruption incidents
DECENT WORK AND ECONOMIC GROWTH	Maintain zero fatalities across all worksites directly controlled by SunCon	Zero	2 fatal accidents ⁵
PEACE, JUSTICE AND STRONG INSTITUTIONS	Achieve Accident Rate/Lost Time Injury Rate (LTIR) less than 0.3 ⁶	0.55	LTIR 0.54 with 4 occupational accidents ⁴
	Maintain notice received from authorities on vector issues at 0.10 or below across all worksites directly controlled by SunCon	0.10	Notice received ratio 0.36
	Achieve an average of 40 Learning and Development (L&D) hours per employee ⁷	16 hours	Average 16 L&D training hours per employee

¹ Carbon Emissions Intensity is computed based on the sum of CO₂e emissions from scope 1, 2 and 3 divided by per unit revenue
² Water Use Intensity covers only water use at worksites and facilities directly controlled by SunCon
³ For waste generated at worksites directly controlled by SunCon
⁴ Determined by project(s) completed within the reporting year
⁵ Refer to page 76 of this report for more detailed information on our Safety and Health Performance
⁶ Accident Rate/LTIR refers to the number of occupational accidents per 1,000 workers. SunCon defines workers as SunCon employees and direct workers and subcontractors' staff and workers
⁷ SunCon employees exclude the Industrial Manual Group

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate change is inevitable amid rapid economic and global population growth. SunCon recognises the significance of adapting to climate change and embarked on incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to deepen our commitment to sustainability. Our approach to climate change is aligned with the TCFD's key pillars and recommended disclosures. We have also set baselines and targets to be achieved by 2030. Apart from our approach, we further strengthened our commitment to climate change by signing up as an official supporter of the TCFD in January 2021.

The table below shows how we have identified the focus areas of the TCFD and aligned the progress of our approach to climate change:

Focus Area	Approach	Progress made in 2020
Governance	<ul style="list-style-type: none"> The SunCon Sustainability Steering Committee reports to the Board biennially on the review of emerging and existing climate-related issues, and the progress of the Company's sustainability strategy. The Sustainability Working Committee (SWC) comprises members across all departments. The SWC identifies potential material matters and proposes relevant sustainability policies and strategies to the Sustainability Steering Committee (SSC) that is led by our Executive Director. 	Approved the Anti-Bribery and Corruption (ABC) Policy and appointed an ABC Compliance Officer.
Strategy	<ul style="list-style-type: none"> Identify actual and potential impacts of climate-related risks on our businesses, strategy and financial planning and set ESG targets to prepare the Company for such risks. Strive to stay abreast of future trends and potential business opportunities that may be contributed by the transition to good ESG governance. 	Adopted the TCFD framework recommendations and carried out climate change scenario planning. We assessed the financial impacts of climate-related transition and physical risks and opportunities on SunCon's business operations to better prepare the Company for potential financial impacts from climate-related risks.
Risk Management	<ul style="list-style-type: none"> Identify climate-related risks such as project completion and cost overrun as our principal risks and embed them in SunCon's ERM framework. Our materiality assessment which is conducted biennially complements our ERM framework in identifying and assessing our material ESG risks and opportunities. Beyond managing climate-related risks and opportunities under the ERM framework, SunCon also manages operational issues pertaining to climate change, water, waste and occupational safety and health through the ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System. 	Incorporated TCFD recommendations as part of our risk management to bolster our approach to climate-related risks and opportunities.
Metrics and Targets	<ul style="list-style-type: none"> Determine our energy consumption and carbon emissions baselines. 	<p>Set the following targets to be achieved by 2030 based on the performance data in 2020:</p> <ul style="list-style-type: none"> To achieve reduction of Carbon Emissions Intensity per unit revenue by 10% from 2020 levels (Baseline: 98 tonnes CO₂e/RM mil) To achieve reduction of Water Use Intensity per unit revenue by 10% from 2020 levels (Baseline: 253 m³/RM mil)¹ To achieve 10% of waste diversion from landfill² To achieve 100% major commodity suppliers being ISO 14001-certified To maintain 80% QLASSIC score for all building projects directly controlled by SunCon.³

Notes:

¹ Water Use Intensity covers only water use at worksites and facilities directly controlled by SunCon

² For waste generated at worksites directly controlled by SunCon

³ Determined by project(s) completed within the reporting year

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

IDENTIFYING TCFD RISKS AND OPPORTUNITIES

Climate change presents both risks and opportunities to our construction business. The table below shows how we aligned TCFD's recommended risks and opportunities with our approach to climate change.

Risk/Opportunity Type	Description	Our Approach
Transition		
Climate-related policy risks (e.g. enforcement of carbon tax, change in emissions policy) increase operating and construction costs	The establishment of carbon pricing in Malaysia is gaining traction. Its indirect impact, which is increase in diesel pricing, will escalate our cost of operation.	We continue to upgrade our assets, especially our machinery fleet, to ensure they are energy-efficient to minimise emissions. We will continually increase our efforts and investments in energy-saving innovation to mitigate the risk.
Water security risks will increase operating cost and impact business stability	As 94% of our project sites are within water-stressed areas and experience frequent unscheduled water disruptions from potable water sources, achieving water security is critical to ensure our businesses are not affected.	We target to establish a water management plan for our project sites by 2025 which will allow us to identify alternative water sources within our worksites to reduce dependency on potable water sources. In addition, we are also embarking on adopting rainwater harvesting as a key requirement at new project worksites, mainly for toilet flushing and irrigation.
Greater emphasis/change in legal requirements on waste management by the government potentially increases operating costs	As land may become scarce in the future, landfill allocation may be reduced, resulting in an increase in disposal costs. In addition, increasing focus on waste management by the relevant authorities may incur additional cost in managing waste at our worksites.	<p>SunCon has put in place robust policies and procedures to manage both solid and hazardous waste by adopting the principles of 3R: Reduce, Reuse and Recycle.</p> <p>We aim to minimise waste to landfill by repurposing waste generated into our value chain. Waste can also be reduced through:</p> <ul style="list-style-type: none"> enforcing quality management practices ensuring quality workmanship ensuring workers are properly trained in their respective work trades and are familiar with proper waste management inculcating 3R culture within the workplace.
Physical		
More natural disasters increase the risk of stranded assets and cause progress delays, resulting in lower claim revenue (on a month-to-month basis)	Flood-prone sites are identified at areas where we operate.	Flood-prevention measures will be enhanced in affected areas, such as through regular maintenance to ensure that all drains are free of blockages and mobilisation of rain gauges to gather rainfall data for better prediction of risk likelihood and severity.
Opportunities		
Increase in consumer engagement and awareness on green practices	The demand for sustainable and energy-efficient buildings and greener products has seen an increasing trend in recent years, resulting in the growing importance of green building ratings such as the GreenRE, Green Building Index (GBI), etc.	SunCon has been at the forefront of designing green buildings as we have trained professionals to provide top-notch services and solutions to our clients in the area of Green Building construction.
Embracing sustainable energy as part of our business strategy	The global shift to renewable energy for industrial buildings (e.g. rooftop solar panels) presents a huge opportunity for our sustainable energy business.	We participate in Large Scale Solar (LSS) projects as we expand our portfolio in the green energy business. We have also successfully installed rooftop solar panels at our new machinery yard in Sunway Enterprise Park, Puchong and precast plant in Senai, Johor and will progressively explore further opportunities as we advocate for sustainable energy.



MRT Line 2 Package V201 - 102m long span bridge across Jalan Kuala Selangor, KTM tracks and Sungai Gasi

CONSTRUCTION SEGMENT

After a tumultuous year, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021 (Ministry of Finance), supported by strong economic fundamentals and a well-diversified economy. Looking ahead at 2021, the construction sector is expected to grow the most at 13.9% compared to other sectors (MoF), due to the revival of major infrastructure projects coupled with affordable housing projects. Activities in the property sector are also likely to improve gradually, following multiple initiatives taken by the government to hasten recovery, such as the Home Ownership Campaign (HOC), real property gains tax (RPGT) exemption, and the lifting of the loan-to-value cap.

As part of the government’s economic recovery plans, RM15 billion has been allocated to fund the mega-infrastructure projects to enhance mobility of the rakyat, such as the MRT3, Klang Valley Double Track Project, and JB-Singapore Rapid Transit System. With this, SunCon will be looking to pursue the opportunities arising from the nation’s infrastructure development plan as well as other local commercial development projects, and we will be positioning our bids competitively.

In line with our vision to be a leading regional construction and engineering group and to further replenish our order book, we are actively exploring opportunities on the regional front, particularly in India, Philippines, Indonesia and Singapore. Having re-established

our foothold in India with the award of 2 highway projects in 2020, we will continue to actively explore prospects in India in line with the country’s growth plans. As the global economy continues to recover, we anticipate more opportunities to emerge in the infrastructure sector and we look forward to expanding our footprint regionally.

Another strategy for our continued growth is the sustainable energy segment which offers bright prospects as Malaysia aims to increase renewable energy in its generation mix to 20% by 2025, according to the Energy Commission. Having made significant headway in our renewable energy business during the year with the successful award of several rooftop solar photovoltaic projects, we will continue to pursue sustainable energy opportunities in the country, aligned with our commitment towards the sustainability agenda.

Apart from that, Sunway Group’s continued expansion plans, such as to increase its healthcare presence in the country, will provide a steady stream of opportunities for SunCon to grow our order book. Sunway Group’s healthcare expansion consists of 6 new hospitals, of which we are currently constructing the 4th phase of the Sunway Medical Center in Sunway City and the new Sunway Medical Centre in Seberang Jaya.

PRECAST SEGMENT

The Singapore economy contracted by 5.4% in 2020 (MTI) owing to the widespread impact of the COVID-19 pandemic and resulting Circuit Breaker (CB) measures to contain the spread of the virus. The construction sector was one of the hardest hit as it shrank by 35.9%, due to declines in both public sector and private sector construction works.

Looking ahead, the Singapore economy is expected to grow by 4.0% to 6.0% in 2021, the highest in a decade, helped by continued expansion of trade and manufacturing and a gradual recovery in construction and aviation-and tourism-related sectors. Optimism over the country’s performance is also fuelled by the near term vaccine rollout and the resumption of global travel, which is anticipated in 2021.

The demand for Housing Development Board (HDB) flats remains encouraging with up to 17,000 Build-To-Order flats anticipated to be launched in 2021 (2020 : 16,752, 2019 : 14,591; 2018 : 15,811) which bodes well for our precast business. A wide selection of flats, ranging from two- to five-room flats, will be offered to meet the diverse housing needs of first- and second-timer families, the elderly, as well as singles.

We are also looking forward to substantially completing our Integrated Construction and Prefabrication Hub (ICPH), a multi-storey advanced precast manufacturing facility in Pulau Punggol Barat in order for installation of machines, and testing and commissioning to start in 2022. The plant is scheduled to be operational by 2H 2022.

FINANCIAL
PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

CONDENSED FINANCIAL STATEMENT

RM'000	2020	2019	2018	2017	2016
		Restated	Restated	Restated	Restated
Revenue	1,552,652	1,768,727	2,256,835	2,076,290	1,788,844
Profit Before Tax	101,504	157,925	182,731	168,660	153,677
Income Tax Expense	(27,777)	(27,066)	(37,966)	(36,227)	(30,039)
Profit Net of Tax	73,727	130,859	144,765	132,433	123,638
Profit Attributable to:					
- Non-Controlling Interest	941	1,535	339	137	119
- Owners of the Parent	72,786	129,324	144,426	132,296	123,519
FINANCIAL RATIOS					
Gross Profit Margin (%)	17.4	21.4	19.7	20.6	21.2
Profit Before Tax Margin (%)	6.5	8.9	8.1	8.1	8.6
Effective Tax Rate (%)	27.4	17.1	20.8	21.5	19.5
Basic Earnings Per Share (sen)	5.64	10.02	11.18	10.24	9.55
Average Return on Capital Employed (%)	12	23	32	31	43
Average Return on Equity (%)	12	21	26	26	26

QUARTERLY PERFORMANCE

RM'000	2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
	YTD	Oct-Dec	Jul-Sept	Apr-Jun	Jan-Mar
Revenue	1,552,652	627,236	419,409	140,181	365,826
Profit Before Tax	101,504	41,577	35,960	2,340	21,627
Income Tax Expense	(27,777)	(11,519)	(11,730)	(215)	(4,313)
Profit Net of Tax	73,727	30,058	24,230	2,125	17,314
Profit Attributable to:					
- Non-Controlling Interest	941	(142)	187	(68)	964
- Owners of the Parent	72,786	30,200	24,043	2,193	16,350
Total Net Profit to Owners of the Parent	73,727	30,058	24,230	2,125	17,314
FINANCIAL RATIOS					
Profit Before Tax Margin (%)	6.5	6.6	8.6	1.7	5.9
Effective Tax Rate (%)	27.4	27.7	32.6	9.2	19.9
Basic Earnings Per Share (sen)	5.64	2.34	1.86	0.17	1.27

FINANCIAL PERFORMANCE

SEGMENTAL REVENUE

	2020		2019		2018		2017		2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Building Construction	901,424	62%	1,033,113	64%	1,377,444	65%	1,288,046	67%	1,097,324	73%
Civil and Infrastructure	416,961	29%	460,830	28%	570,042	27%	487,866	25%	370,434	25%
Foundation and Geotechnical Engineering	143,620	10%	237,954	15%	252,752	12%	202,840	11%	200,092	13%
Mechanical, Electrical and Plumbing	377,045	26%	330,176	20%	510,555	24%	465,975	24%	321,656	21%
Others	1,871	0%	2,151	0%	6,669	0%	5,217	0%	2,086	0%
Consolidated Adjustment	(385,695)	(27%)	(445,310)	(27%)	(594,300)	(28%)	(518,552)	(27%)	(489,493)	(32%)
Total Construction	1,455,226	100%	1,618,914	100%	2,123,162	100%	1,931,392	100%	1,502,099	100%
Total Precast	97,426		149,813		133,673		144,898		286,745	
Total Turnover	1,552,652		1,768,727		2,256,835		2,076,290		1,788,844	

SEGMENTAL PROFIT

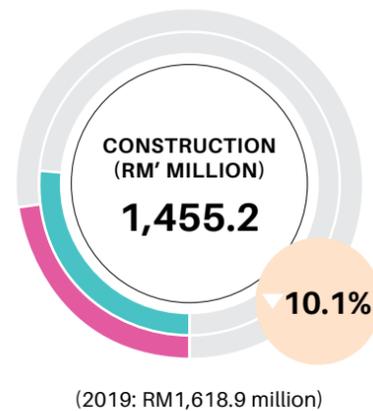
	2020		2019		2018		2017		2016	
			Restated		Restated		Restated		Restated	
GROSS PROFIT MARGIN										
Construction	18.0%		22.4%		20.6%		20.4%		20.7%	
Precast	9.9%		9.9%		4.8%		24.0%		23.9%	
Total	17.4%		21.4%		19.7%		20.6%		21.2%	
PROFIT BEFORE TAX	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	98,775	6.8%	155,172	9.6%	181,764	8.6%	141,173	7.3%	95,454	6.4%
Precast	2,729	2.8%	2,753	1.8%	967	0.7%	27,487	19.0%	58,223	20.3%
Total	101,504	6.5%	157,925	8.9%	182,731	8.1%	168,660	8.1%	153,677	8.6%

MAJOR CUSTOMERS

	2020		2019		2018		2017		2016	
	RM'000	%								
Syarikat Prasarana Negara Berhad	-		-	0%	12,815	1%	40,239	2%	43,572	3%
MRCB George Kent Sdn. Bhd.*	280,000	19%	251,000	16%	176,155	8%	32,845	2%	-	-
MMC Gamuda	118,744	8%	193,026	12%	295,864	14%	344,124	18%	230,807	15%
Cititower Sdn. Bhd.	-	0%	-	0%	151,310	7%	161,200	8%	166,495	11%
Putrajaya Bina Sdn. Bhd.	14,546	1%	137,564	8%	536,348	25%	491,222	25%	184,619	12%
Petronas Management Training Sdn. Bhd.	88,086	6%	11,162	1%	-	-	-	-	-	-
Tenaga Nasional Berhad	149,759	10%	80,720	5%	-	-	-	-	-	-
In-House	629,034	44%	582,409	36%	464,975	22%	640,372	33%	710,624	48%
Others	175,057	12%	363,033	22%	485,695	23%	221,390	12%	165,982	11%
Total Construction Turnover	1,455,226	100%	1,618,914	100%	2,123,162	100%	1,931,392	100%	1,502,099	100%

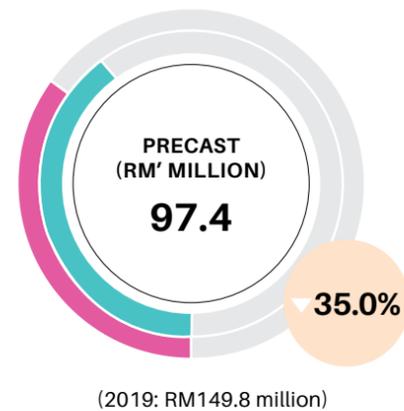
* For LRT3 package GS07&08 there was a client change from Prasarana Malaysia Bhd. to MRCB George Kent Sdn. Bhd.

REVENUE



Construction Segment

Lower revenue for financial year 2020 was solely attributed to more than 2.5 months of non activity during MCO period (18 Mar 2020 to 31 May 2020) due to COVID-19 pandemic.

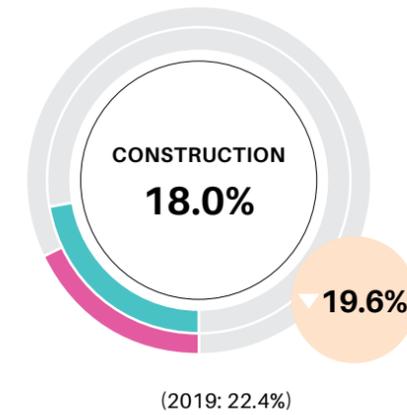


Precast Segment

Lower revenue for financial year 2020 due to COVID-19 pandemic which saw our operations hampered due to inability to operate for most of 2nd quarter of 2020. In addition, we were operating at less than 50% efficiency in 3rd quarter 2020 as Singapore's Ministry of Manpower only allowed gradual reopening of projects in Singapore.

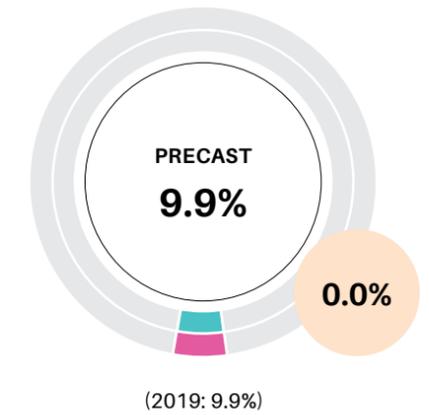
■ 2020 ■ 2019

GROSS PROFIT



Construction Segment

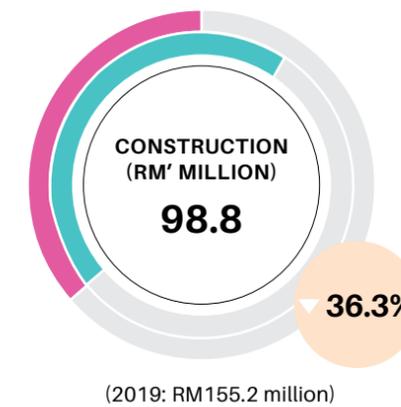
The construction segment gross profit margin saw a decline for financial year 2020 as some projects secured were at a thinner margin due to the competitive landscape of the construction industry.



Precast Segment

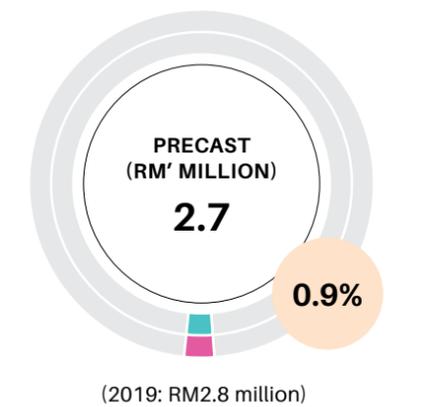
The precast segment gross profit margin for the financial year 2020 was comparable to that reported in 2019 due to recognition of better yielding margin projects despite having to cover fixed overhead that the segment had to bear with during the COVID-19 pandemic Circuit Breaker in Singapore and MCO in Malaysia.

PROFIT BEFORE TAX



Construction Segment

The lower profit in financial year 2020 is in line with lower gross profit margin and turnover. Profit was also supported by the overall 25% reduction in administration expense.



Precast Segment

Profit maintained at RM2.7 million for both financial year ended 2020 and 2019 despite lower turnover due to lower staff cost from COVID-19 support grant and lower bonus in addition to lower management fees.

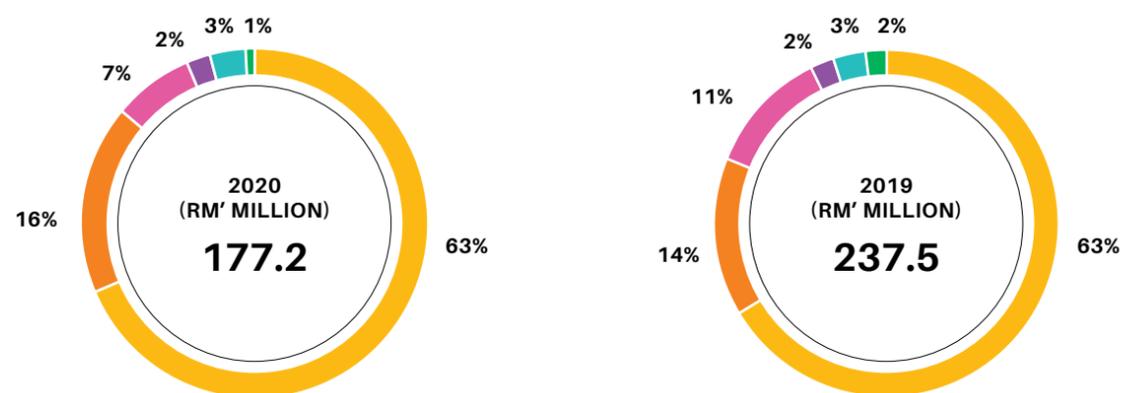
■ 2020 ■ 2019

OTHER INCOME

Other income for financial year 2020 was at RM22.5 million (2019 : RM20.1 million). Slightly higher other income was due to wage subsidy obtained from Pakej Ransangan Ekonomi Prihatin Rakyat from Malaysia and Singapore's Job Support Scheme in addition to insurance claim. Included in other income are gains on disposal of assets, scrap sales and reversal of MFRS 9 provision.

ADMINISTRATION EXPENSES

■ Staff Related Expenses ■ Management & Shared Services ■ Maintenance Cost
■ Depreciation & Amortisation ■ Rental of Premise ■ Travelling Expenses



Administrative Expenses decreased by 25% from RM237.5 million in year 2019 mainly from

- (a) reduction in staff cost by more than 25%. Number of staff (excluding foreign workers) reduced from 1,291 pax in 2019 to 1,176 pax in 2020, representing a 8.9% reduction through natural attrition. In addition foreign workers also decreased from 861 to 605 during the same period. Apart from headcount reduction that contributed to lower staff cost, the lower bonus for year 2020 also added up to the reduction
- (b) reduction in depreciation cost by 15% as some of our assets, in particular boring rigs, were already fully depreciated in year 2020
- (c) reduction in management fees and shared service cost by 50%.

OTHER EXPENSES

The total of other expenses amounted to RM24.9 million (FYE 2019 : RM19.7 million). Higher other expenses in financial year ended 2020 was due to :

- (a) MFRS 9 allowance for impairment this year is RM14.2 million as compared to RM2.3 million provision in 2019. The higher provision is due to one particular debtor
- (b) Interest rates swap marked to market for Singapore Overnight Rate which saw the rate decline in financial year ended 2020 due to COVID-19 of RM1.9 million
- (c) Goodwill written off for our precast segment of RM3.6 million

The above higher other expenses is in comparison to financial year ended 2019 which saw the partial write off of our launching girder of RM7.1 million and provision for an arbitration case on prudence grounds of RM6.7 million.

FINANCE INCOME AND OTHER DISTRIBUTION INCOME AND FINANCE COST

Finance income and other distribution income for FYE 2020 was at RM 7.8million (FYE 2019 : RM24.6 million). The actual interest from placement decreased culminating from dropped in Malaysia OPR during year 2020 from 3.0% to 1.75%. The decreased was also contributed as our placement interest was recognized as share of associate in 2020 compared to interest in 2019 when the said fund was considered as a subsidiary.

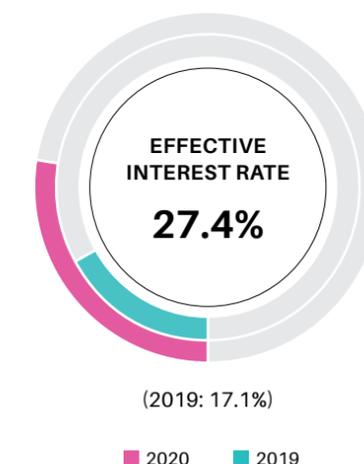
Finance cost was lower for FYE 2020 mainly due the reduction of Malaysia OPR and Singapore overnight rate (from 1.56% to 0.2%).

Further details on SunCon's capital management is presented under Capital Management section.

	2020 RM'000	2019 RM'000 Restated
Finance Income - cash and bank	5,944	12,363
Finance Income - structured entities	1,828	7,804
Finance Income - arbitration (India)	-	3,461
Finance Income - others	33	941
Finance Cost - MYR	(4,547)	(5,539)
Finance Cost - SGD	(1,225)	(2,205)
Finance Cost - Interco	(686)	(4,662)
Finance Cost - MFRS 16	(485)	(812)
Finance Income rate	3.9%	4.05%
Finance Cost rate - M'sia	2.72% to 3.01%	3.81%
Finance Cost rate - S'pore	0.92% to 1.08%	2.25% to 2.62%

TAXATION

The effective tax rate for FYE 2020 of 27.4% was higher than Malaysia's statutory tax rate of 24% mainly due to under provision of tax in 2019 coupled with non deductibility of expense with regards to goodwill write off and higher provision for MFRS 9. This was in comparison to lower effective tax rate in 2019 which has the impact of reversal of over provision of tax in 2018.



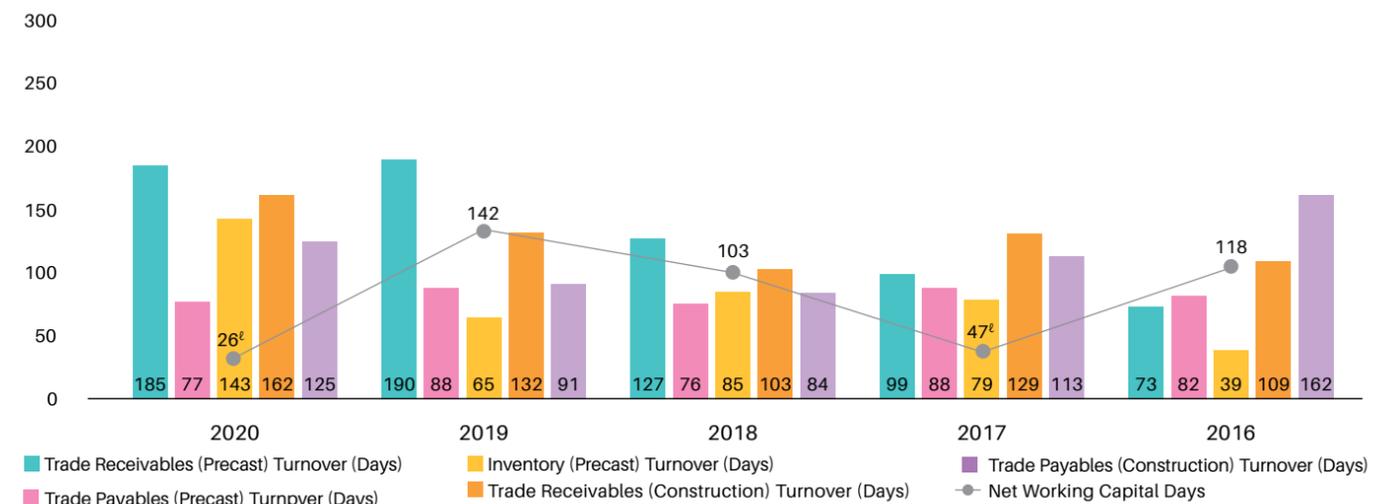
STATEMENT OF FINANCIAL POSITION

KEY BALANCE SHEET

	Note	2020 RM'000	2019 RM'000 Restated	2018 RM'000 Restated	2017 RM'000 Restated	2016 RM'000 Restated
Property, Plant and Equipment	1	107,321	138,507	176,468	164,342	138,381
Investments in joint arrangements	2	44,805	44,261	44,739	-	-
Other Non Current Assets	3	451,637	12,411	9,673	132,764	16,729
Total Non Current Assets		603,763	195,179	230,880	297,106	155,110
Receivables	4	866,397	817,936	884,359	1,005,106	652,984
Cash and Bank	*	200,071	614,605	493,615	339,015	502,697
Intercompany		143,395	123,190	83,516	73,650	132,187
Tax Recoverable	5	19,720	21,721	22,100	21,922	12,737
Other Current Assets (inventory + other debtors + financial assets)	6	72,717	229,700	216,361	88,090	266,727
Total Current Assets		1,302,300	1,807,152	1,699,951	1,527,783	1,567,332
Total Assets		1,906,063	2,002,331	1,930,831	1,824,889	1,722,442
Trade Payables	7	836,187	674,640	656,182	728,039	577,029
Borrowings and Lease Liabilities	*	235,620	235,907	117,267	136,876	136,515
Intercompany		13,347	14,408	62,460	149,087	82,960
Other Current Liabilities		108,840	195,252	226,840	247,397	190,181
Total Current Liabilities		1,193,994	1,120,207	1,062,749	1,261,399	986,685
Borrowings and Lease Liabilities	*	72,729	61,553	10,739	13,053	-
Intercompany		-	95,833	96,314	-	-
Other Non Current Liabilities		730	2,273	6,536	7,009	608
Total Non Current Liabilities		73,459	159,659	113,589	20,062	608
Total Liabilities		1,267,453	1,279,866	1,176,338	1,281,461	987,293
Total Equity		638,610	722,465	754,493	543,428	735,149
Total Liabilities and Equity		1,906,063	2,002,331	1,930,831	1,824,889	1,722,442

* Please refer to Capital Management on page 45.

NET WORKING CAPITAL DAYS



^ε Lower net working capital days due to reclass of investment in wholesales funds to investment in associative under non-current assets.

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

There is only an addition to fixed assets of RM3.4 million (2019 : RM8.3 million) and total disposal of NBV of RM0.1 million in 2020 (2019 : RM0.5 million). The minimal addition is in line with our conscious effort to work within our existing pool of assets.

NOTE 2 : INVESTMENT IN JOINT ARRANGEMENTS

Investment in joint ventures pertains to investment in HL Sunway JV Pte Ltd and the amount is the paid up capital to acquire the land in Singapore for ICPH.

NOTE 3 : OTHER NON CURRENT ASSETS

These comprises of investment in associates with majority being our investment in Maybank Shariah Institutional Income Fund and Kenanga Money Extra Fund 2.

NOTE 4 : TRADE RECEIVABLES

Overall both precast and construction segments saw an increase in trade receivables turnover period as billings were not uniform throughout the financial year 2020 due to COVID-19 MCO/CMCO and Circuit Breaker in Singapore. The fourth quarter of financial year 2020 was significantly higher than third quarter as most projects were more adept to working in more stringent COVID-19 SOP coupled with higher progress in some projects.

Trade receivable turnover for precast segment is traditionally higher due to longer duration required for settlement.

The increase in turnover days for trade receivables are due to a handful of debts that we are pursuing settlement. We have assessed the collection and have provided for those that we consider as possible defaults as per accounting standards MFRS 9.

NOTE 5 : TAX RECOVERABLE

Total tax recoverable amounted to RM19.7 million (2019 : RM21.7 million). Amount recoverable from India tax authorities amounted to RM12.3 million and all are under legal proceedings. SunCon continues to pursue its recoverability of taxes from the tax authorities in India.

The balance of the tax recoverable are with the Inland Revenue Board of Malaysia of which majority are for over payment of taxes with respect to tax audit for year of assessment of which we have received written confirmation of settlement and are of the opinion the amount can be recovered soon.

NOTE 6 : INVENTORY & FINANCIAL ASSETS

Our Precast Segment's inventory mainly comprised of finished goods (2020 : 66%; 2019 : 57%). As a result, our holding period has now increased to 143 days (FYE 2019 : 65 days). Without finished goods, which are custom-made for clients, the raw material inventory turnover for this financial year would be 50 days.

Financial assets in 2019 amounted to RM172.9 million (2020 : nil) comprises of certain debt instruments which we invested under Maybank Shariah Institutional Income Fund of which we have consolidated.

NOTE 7 : TRADE PAYABLES

Precast Division : Despite longer debtors turnover period, precast pays its creditors obligation timely (FYE 2020 : 77 days; FYE 2019 : 88 days) in order to receive rebates for prompt payment.

Construction Division : Payment terms to our creditors increased in line with increase in trade debtors collection (FYE 2020 : 125 days; FYE 2019 : 91 days).

STATEMENT OF CASH FLOWS

CONDENSED CASH FLOW STATEMENT

RM'000	Year Ended				
	2020	2019 Restated	2018 Restated	2017 Restated	2016 Restated
Dividend from Joint Venture	110	790	731	2,153	-
Other Operating Cash Flows	87,692	193,333	196,062	56,683	85,616
Total Operating Cash Flows	87,802	194,123	196,793	58,836	85,616
Acquisition of Property, Plant & Equipment	(3,393)	(8,312)	(56,169)	(54,688)	(19,016)
Disposal of Property, Plant & Equipment	1,537	3,564	1,393	6,246	2,055
(Acquisition)/Disposal of Investment	(359,017)	3,216	(73,219)	(120,102)	(209,733)
Net cash flow from equity contribution of non-controlling interest	10,633	(66,052)	162,817	-	246,662
Net cash outflow from loss of control of structured entity	(5,890)	-	-	(36,929)	-
Placement in Funds	-	(24,490)	24,125	(24,125)	78,000
Release/(Placement) of deposits pledged to licensed banks	181,753	(263,784)	-	-	-
Other Investing Cash Flows	1,200	-	237	(7)	379
Total Investing Cash Flows	(173,177)	(355,858)	59,184	(229,605)	98,347
Dividend	(61,245)	(90,357)	(96,918)	(71,090)	(84,039)
(Repayment to)/Advance received from Related Company	(95,833)	(46,618)	24,413	83,314	11,250
Other Financing Cash Flows	9,783	156,459	(29,574)	(2,851)	(326)
Total Financing Cash Flows	(147,295)	19,484	(102,079)	9,373	(73,115)

OPERATING CASH FLOWS

Operating cashflow was much lower compared to last financial year but was comparable to the profit after tax recorded.

INVESTING CASH FLOWS

This financial year saw a reduction of deposit pledged to licenced bank for our Singapore term loan as we restructured our security terms with our bankers.

Capital expenditure remained low in this current financial year as the Group's pool of assets was sufficient to support the present order book.

Increase in acquisition of investment was due increased placement in Maybank Shariah Institutional Income Fund and Kenanga Money Extra Fund 2 coupled with the change of accounting treatment from one of the fund from subsidiary to associate in FYE 2020.

FINANCING CASH FLOWS

The financing activities for this year was mainly from the repayment of all our advances from Sunway Treasury and also payment of dividend. The positive financing cash flow in the previous financial year 2019 was mainly due to drawdown of Singapore loan to finance the ICPH construction. As the construction of ICPH was affected this financial year due to COVID-19, the drawdown has reduced.

CAPITAL MANAGEMENT

	Year Ended				
	2020 RM'000	2019 RM'000 Restated	2018 RM'000 Restated	2017 RM'000 Restated	2016 RM'000 Restated
Term Loans - Long term	67,203	52,656	-	-	-
Term Loans - Short term	76,367	76,270	-	-	-
Loan Bills Discounting	107,345	157,124	107,544	134,659	136,515
Revolving Credits	50,000	-	6,087	-	-
Total Borrowings	300,915	286,050	113,631	134,659	136,515
Total Finance Cost (financial institute only)	5,750	7,729	4,177	3,459	2,924
Total Finance Income (financial institute only)	5,944	12,363	15,170	6,974	8,947
Net Finance Income	194	4,634	10,993	3,515	6,023

FINANCIAL RATIOS

Net Gearing Ratio (Times)	0.16	Net Cash Positive			
Interest Coverage Ratio (%)	16	18	42	46	51

SunCon has a robust capital management system to ensure that we maintain a healthy capital ratio in order to support our daily operations without disruption. Our strategy is to maximise shareholders' wealth by managing our excess funds accordingly. Our funds are invested in a diverse portfolio such as the fixed income securities, money market instruments and placement in selected funds.

Our objective as a Group is to optimise internal funds and to minimise external borrowings, and we will source for the most reasonable rate both in placement and borrowing. We manage our funds by planning our payment ahead of time to ensure that we keep a minimum bank balance at all times.

Our payment and collection are mostly transacted in Ringgit Malaysia and Singapore Dollars for our precast business in Singapore. We constantly monitor our foreign currency exposure and ensure that we hedge accordingly when the opportunity arises.

DEBT MANAGEMENT

SunCon has borrowings of RM107.3 million (FYE 2019 : RM157.1 million) from Loan Bill Discounting where monthly project progress certificates are being used as an instrument for lending with maturity tenure ranging from 30 to 120 days. These short term borrowings are mainly used to manage our receivables turnaround period. It is also used to support the initial capital requirement of new projects, capital expenditure requirements, bulk purchase of materials for better economies of scale and optimisation of interest rates differential.

Apart from that, our borrowings also consists of term loan for our Singapore precast division's ongoing ICPH plant expansion.

Due to accounting treatment of our placement in Maybank Shariah Institutional Income Fund and Kenanga Money Extra Fund 2 to investment in associate, SunCon Group registered a net gearing position of 0.16 times in this financial year.

INVOICE FACTORING

In any construction job, cash turnaround is of great importance. As such, SunCon strives to ensure that our payments to subcontractors and suppliers are on a timely basis so that they have sufficient cash flow to work around. Any disruption to our subcontractors and suppliers will have a chain effect on the progress at site. However, in any circumstances where our subcontractors require funds earlier than the stipulated credit period, we will arrange for them to factor their invoices with Sunway Leasing so that they are able to obtain their required funds within 3 business days with competitive rates. As at December 2020 a total RM25 million was financed through Sunway Leasing.

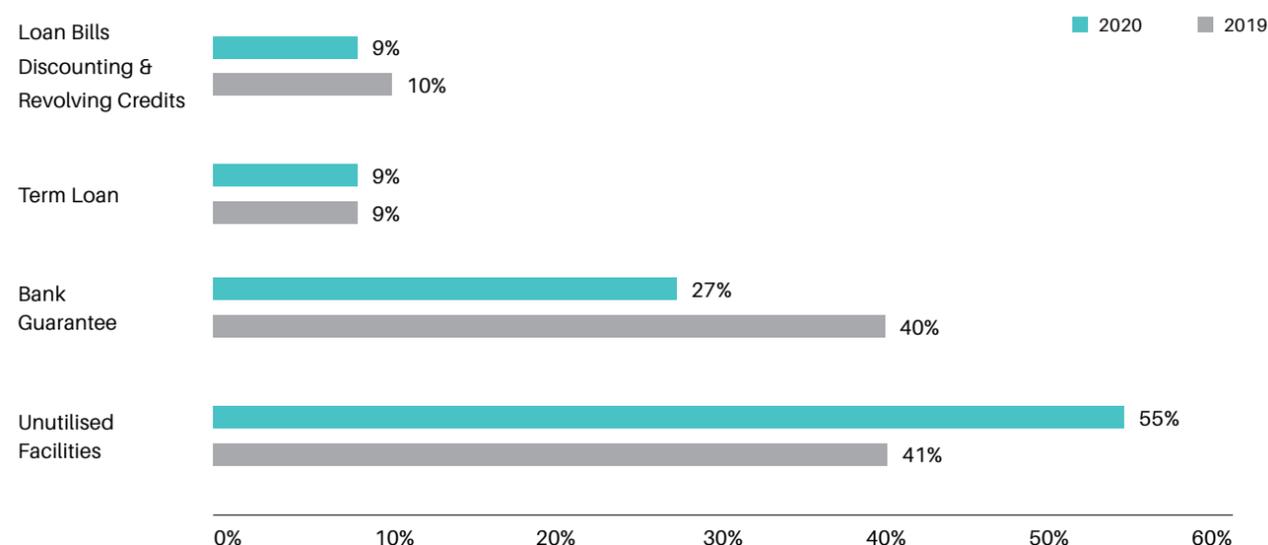
SHARIAH COMPLIANT FUNDS

SunCon has cash under conventional accounts and investments of RM200.1 million (FYE 2019 : RM493.7 million), the ratio of cash under conventional accounts and instruments over total assets was at 11% (2019 : 25%) hence satisfying the compliant regulation that requires cash that are placed under conventional accounts and instruments to be less than 33% of total assets. Total assets in year ended 31 December 2020 amounted to RM1,906.1 million (FYE 2019 : RM2,002.3 million).

CREDIT FACILITIES

It is important to ensure that we have sufficient credit facilities on hand to ensure that we can seize any job opportunity in the market. Our credit facilities vary for the issuance of bank guarantees such as performance bond, advanced payment bonds, tender bonds, security bonds, loan bill discounting and revolving credit. In 2020, we have utilised 45% of our credit facilities.

CREDIT FACILITIES



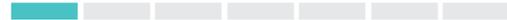
	Financial Year Ended	
	2020 RM'000	2019 RM'000 Restated
VALUE ADDED		
Revenue	1,552,652	1,768,727
Purchases of goods and services	(1,293,585)	(1,393,370)
	259,067	375,357
Share of profits of associates	10,014	5,451
Share of profits of joint ventures	110	99
Adjustment arising from MFRS 9	(12,331)	3,589
Financing Cost	(6,943)	(13,218)
Other Income and Expenses	9,901	(3,173)
Total Value Added	259,818	368,105
RECONCILIATION:		
Profit for the year	72,786	129,324
Add: Depreciation and amortisation	33,442	40,262
Finance cost	6,943	13,218
Staff costs	117,929	156,700
Taxation	27,777	27,066
Minority Interests	941	1,535
Total Value Added	259,818	368,105
Value Distributed		
Employees	117,929	156,700
Salaries and other staff costs ¹		
Government		
Corporate Taxation ²	27,777	27,066
Providers of Capital		
Dividends ³	61,245	90,357
Finance costs	6,943	13,218
Minority Interest	941	1,535
Reinvestment and growth⁴		
Depreciation and amortisation	33,442	40,262
Income retained by the Group	11,541	38,967
Total Distributed	259,818	368,105

¹ Our employees received RM118.0 million (45% of total distributable value) in wages, salaries, allowance, bonuses, employees' share option scheme and other related staff benefits.

² We contributed RM27.8 million (11% of total distributable value) to sustain the nation's growth through the statutory taxes.

³ We distributed total dividends of RM61.2 million (24% of total distributable value) to our shareholders. Since our listing in 2015, we have distributed more than our Group's dividend payout policy of 35% of net profit

⁴ We retained RM45.0 million (17% of total distributable value) in reinvestment and business growth to ensure sustainable value creation to all our stakeholders



BUILDING CONSTRUCTION SERVICES

5 projects awarded in 2020
RM1.3 BILLION

2020 REVIEW

Despite a challenging environment, our building division recorded a resilient performance with new order books totaling RM1,283 million for the year. The newly awarded projects, which are mainly from our parent company, Sunway Bhd, have continued to sustain our business amidst the economic downturn.

In the first quarter of the year, we were awarded Sunway International School's new campus in Subang for RM121 million. The project involves construction of main building works for 3 blocks of teaching facilities ranging from 4 to 6 storeys high over a 30 month period.

Following this, we were awarded The Sunway Belfield project which consists of 3 blocks of 55 and 56-storey service apartments with carparks on Jalan Belfield, Kuala Lumpur for RM403 million. The contract period is for 45 months. Apart from that, we were awarded the CP2 mixed development project at Sunway South Quay for RM463 million which is inclusive of RM119 million of substructure works which was awarded in 2019. Substructure works for the project is currently on-going by our geotechnical division.

Having undertaken the construction of all prior phases of the Sunway Medical Center in Bandar Sunway, this year we were awarded the contract for the construction of Phase 4 of the medical center's expansion totaling RM612 million, of which we had been awarded the RM450million contract earlier in 2018. The project entails 2 blocks of 15 and 10-storey hospitals and elevated carpark (Phase 4A), 1 block of 16-storey hotel suites (Phase 4B), and 1 block of 9-storey private medical center (Phase 4C). The contract period is for 22 months.

We also secured the Sunway Velocity 2 Plot B mixed development project in Kuala Lumpur for RM253 million, including 2 blocks of 39-storey serviced residences, retail and carparks, to be completed in 34 months. Work has commenced on all projects to date.



TNB HQ Campus Phase 2, Bangsar

Apart from that, in the Central Region, we are currently undertaking the construction of the Petronas New Leadership Centre project (PNLC) in Bangi. The GBI Platinum-rated building is being constructed to full BIM standards up to facilities management stage with Level of Detail (LOD) 500, which represents accurate and field-verified elements after construction. The project was also successfully certified by British Standards Institution (BSI) to ISO 19650 for BIM as the first project in Malaysia and South East Asia.

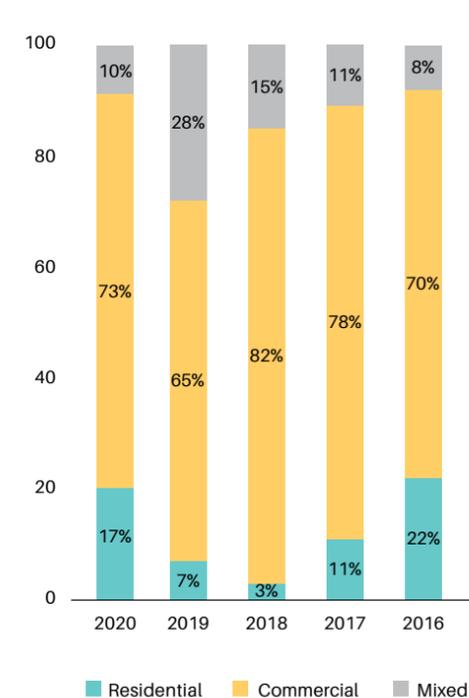
Construction of the TNB HQ Campus in Bangsar is also progressing steadily. The project involves construction of 4 office towers ranging from 7-19 storeys high, convention centre, Interactive Centre of Electricity (ICE), childcare and Pelitawanis, and is GBI-Platinum rated. We are also implementing BIM technology up to LOD 500 in this project.

During the year, we completed the Nippon Express Warehouse project in Shah Alam. The warehouse is Nippon Express Group's most extensive single-structure multifunctional logistics warehouse outside of Japan. The project was constructed on a joint venture with Taisei Corporation of Japan.

The other projects in our portfolio in the Central Region include our in-house projects, which are at various stages of completion. The projects include Sunway GeoLake Residences in Sunway South Quay, Sunway Serene in Kelana Jaya, and Sunway Velocity 2 in Kuala Lumpur.

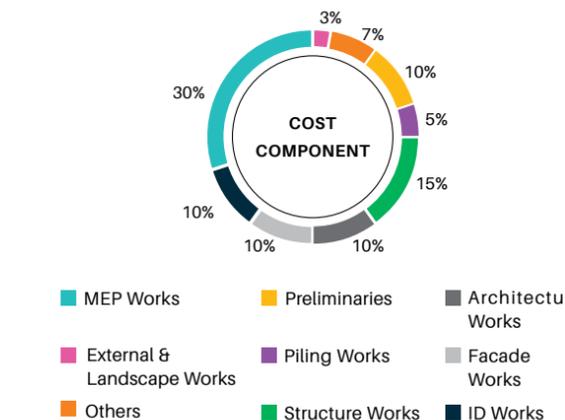
In the Southern Region, we have substantially completed the Big Box Hotel project, a 14-storey 4-star hotel located adjacent to the Sunway Big Box Retail mall in Iskandar, Johor. The completion of the Big Box Hotel is part of Sunway's commitment to build the thriving RM30 billion township in Sunway Iskandar in the next 20 years.

In the Northern Region, we have continued to achieve progress at our Sunway Carnival Mall Extension project and Sunway Medical Centre project in Seberang Jaya, despite the challenges encountered of ground water conditions during substructure works. We have taken the necessary mitigative measures and construction progress has been expedited.



WORKFORCE

Staff Force	2020	2019	2018
Male	533	621	781
Female	98	105	100
Total	631	726	881
Staff Category (%)	2020	2019	2018
Executive	42.6	35	32
Non Executive	57.4	65	68





CIVIL AND INFRASTRUCTURE SERVICES

2 projects awarded in 2020

RM823 million

HIGHWAY PROJECTS

Total length constructed

437 km

Total contract value

RM3.6 BILLION

RAIL & MASS TRANSIT PROJECTS

Total length constructed

34.2 km

Total contract value

RM4.9 BILLION

2020 REVIEW

Despite the setbacks arising from the COVID-19 pandemic whereby construction progress came to a halt due to the Movement Control Orders, we have since re-started works on our on-going civil/infrastructure projects and are progressing full swing ahead.

On the local front, during the year, we have completed and handed over the MRTV201 project, also known as the Putrajaya Line. The scope of work involved construction



MRT Line 2 Package V201, Damansara Damai Station

of 4.9 km of elevated viaduct including long span crossings over Keretapi Tanah Melayu (KTMB) tracks, and 3 elevated stations. The completion of the Putrajaya Line opens up further areas for development along its corridor and is set to be operational by 2021.

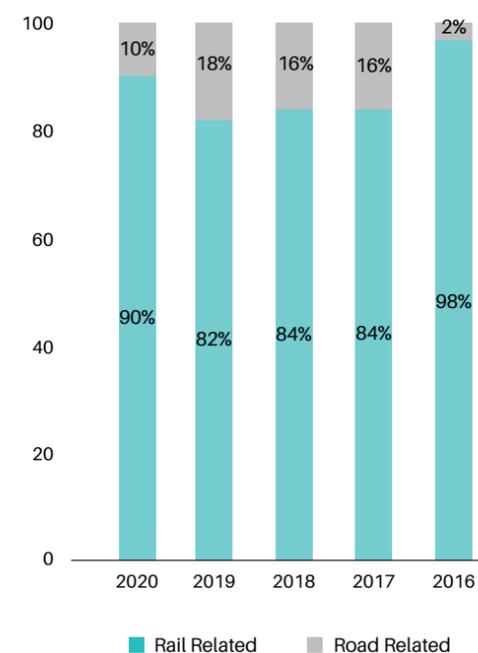
Our LRT3 Package GS07&08 project is also progressing on track and we have achieved 59% progress to date. We have completed the pier works for long span crossings and are currently undertaking the viaduct works including launching of U-girders, as well as the main station works.

In August 2020, we signed the agreement with MRCB George Kent (MRCBGK) for the changes in the design and scope of the LRT3 Package GS07&08 project. The new revised contract sum is RM1.295 billion while the revised completion date for the project will be in 2023. The agreement was signed following the appointment of MRCBGK as a turnkey contractor as a result of the change from a project delivery partnership to a turnkey contract pursuant to a contract between Prasarana and MRCBGK.

Our strategy to expand regionally had achieved several key milestones during the year. In March 2020, we successfully clinched a RM508 million project from the National Highways Authority of India (NHA) for the four-laning of Thorapalli Agraharam to Jittandahalli section of National Highway (NH-844) from Km. 23.350 to Km. 60.100 under Bharatmala Pariyojana Phase-I (National Corridor) in the state of Tamil Nadu, India. The project was awarded based on the Hybrid Annuity Model (HAM) approach and is in addition to a 15-years Operating and Maintenance Contract of Rs7.08 Crore (about RM4 million) per annum. Under the HAM approach, NHA will pay 40% of the project cost during the construction while the balance of 60% is paid over 15 years as fixed annuity amount. The project was awarded to our joint venture with RNS Infrastructure Limited whereby we have established a long-standing relationship with since 2001 when we first ventured into India. We have completed 2 infrastructure projects back then.

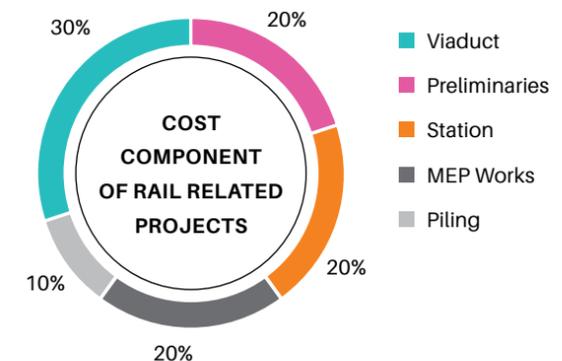
In October 2020 we secured our second project in India for the year, which was for RM315 million for the construction of a two-lane road with paved shoulder of the Meensurutti (Km. 98.433) to Chidambaram (Km. 129.965) section of NH-227 of the Bharatmala Pariyojana Phase-I in Tamil Nadu. This is in addition to a 15-year Operating and Maintenance Contract of Rs1.5 Crore (approximately

RM0.85 million) per annum. This project is also being operated under the HAM approach for a concession period of 15 years plus 2-year construction period. The project was also awarded to our joint venture with RNS Infrastructure Limited.



WORKFORCE

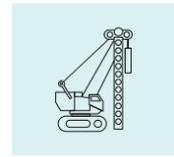
Staff Force	2020	2019	2018
Male	374	576	629
Female	38	56	60
Total	412	632	689
Staff Category (%)	2020	2019	2018
Executive	27.9	24	24
Non Executive	72.1	76	76



OUTLOOK

Our strong track record in constructing civil/ infrastructure projects throughout the country as well as overseas puts us in good stead to pursue the opportunities arising from the nation's economic development plan. In Malaysia, the RM69 billion allocated by the government in Budget 2021 in development expenditure bodes well for the construction sector, where many of the projects are anticipated to be rolled out in 2021. We look forward to actively participating in the project tenders for the major infrastructure projects such as the MRT3, Bus Rapid Transit Iskandar Malaysia, Rapid Transit System, and others.

On the regional front, having re-established a foothold in India, we will continue to actively explore infrastructure opportunities in line with the country's growth plans.



FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

7 projects completed in 2020
RM144 MILLION

2020 REVIEW

Our geotechnical division had delivered 7 projects with a total revenue of RM144 million in 2020. We had completed several key projects during the year including the design and construction of retaining wall works for the Bukit Bintang City Center (BBCC) tunnel, bore piling works for LRT3 Package GS06, GS07&08 and GS10, SUKE CA1 Highway and the transit oriented development at 7MD7, Putrajaya. We are currently undertaking the foundation and geotechnical works for the CP2 mixed development project in Sunway South Quay and foundation piling works for the Butterworth Kulim Expressway project in Penang.

In line with our vision to be a leading regional construction and engineering group and to further replenish our order book, we are actively exploring opportunities in the regional front, particularly in Philippines and Singapore. In the Philippines, we have established a joint venture company with two other partners to facilitate our business expansion in the country and are actively pursuing tender opportunities in the infrastructure market. In Singapore, we have successfully registered a branch office in the country and obtained the necessary licenses to participate in major infrastructure jobs. At the same time, we have obtained the internationally recognized Bureau Veritas certification for our geotechnical and foundation services which enables us to participate in projects internationally.

During the year, we have further advanced in our efforts to drive operational efficiency through digitalisation.



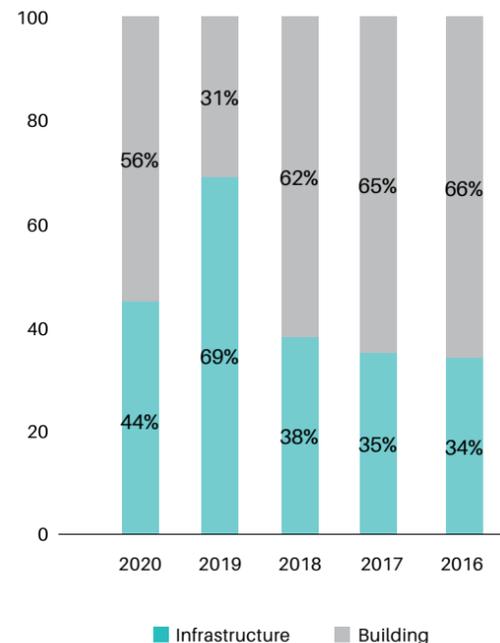
Piling and foundation works at Parcel CP2, Bandar Sunway

As part of our digital transformation journey, we have embarked on the implementation of BIM in geotechnical engineering, starting with our CP2 project which sits on undulating terrain and sloping ground beside the Sunway South Quay lake. BIM was implemented to accurately map out the geotechnical model and visualize ground conditions. The BIM model also enables simulation of construction planning from excavation to piling and substructure works, even before construction begins. This helps us to reduce the risks involved in constructing this challenging project and enables better efficiency.

Apart from this, we have carried out further refinement of our bore pile management system to optimise foundation design and construction productivity. We will continue to benchmark our performance using this system for our further improvement.

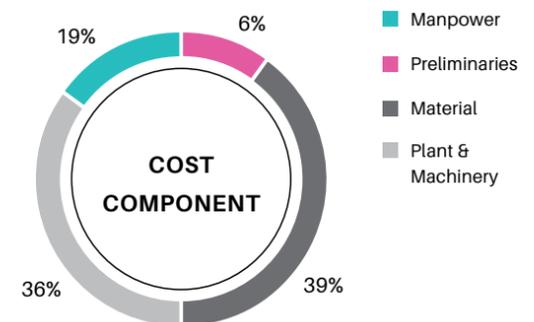
WORKFORCE

Staff Force	2020	2019	2018
Male	98	144	146
Female	22	29	34
Total	120	173	180
Staff Category (%)	2020	2019	2018
Executive	55.8	52	53
Non Executive	44.2	48	47



RIG UTILISATION RATE

	2020	2019	2018
No. of rigs	26	28	31
Rig utilisation rate	55%	75%	78%



OUTLOOK

As the economy continues to recover, we anticipate more opportunities to emerge in the local infrastructure sector. This should help buffer the impact from the downturn in the property and construction sectors. Apart from that, we will continue to support our in-house piling and foundation construction projects as part of Sunway Group's expansion plans. On the regional front, we will continue to actively explore prospects in Philippines, Singapore and India.

Having undertaken a wide range of projects for major clients over the years, we have built a solid reputation in the geotechnical industry. Coupled with our large range of piling machines we are able to deliver integrated piling and foundation solutions to our clients regionally.



MECHANICAL, ELECTRICAL AND PLUMBING SERVICES

1 project completed in 2020

RM80 MILLION

2 projects awarded in 2020

RM135 MILLION

2020 REVIEW

As a fully integrated contractor, our MEP division continues to complement the projects under our building construction and civil/infrastructure construction services divisions. A major portion of our MEP projects are bundled with SunCon's existing building projects this year. For example, in our medical center projects, MEP works comprise of between 15% to 40% of the contract sum.

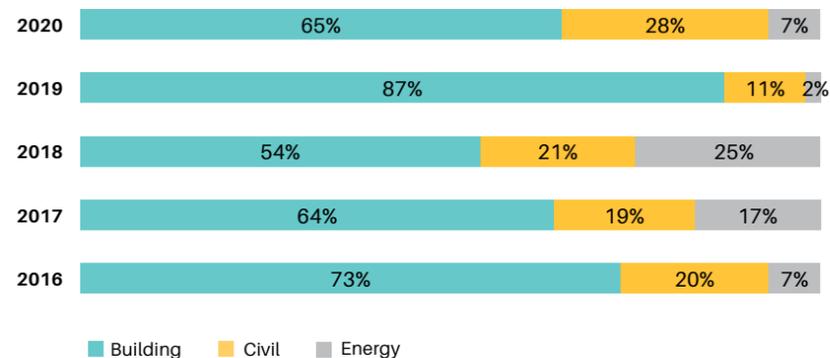
To further add to our order book, during the year we successfully secured the contract for MEP works at MRT Line 2 Chan Sow Lin underground station from MMC Gamuda KVMRT for RM54 million, to be completed in 12 months. This is further to the MRT Line 2 Sentul West underground station and Pasar Seni underground station works projects which were awarded by the same client in 2019 and 2018 respectively.

Our other on-going projects have been progressing steadily including the IOI City Mall project where we are installing the Air Conditioning and Mechanical Ventilation (ACMV) system including the chiller plant room with a Thermal Energy Storage System.



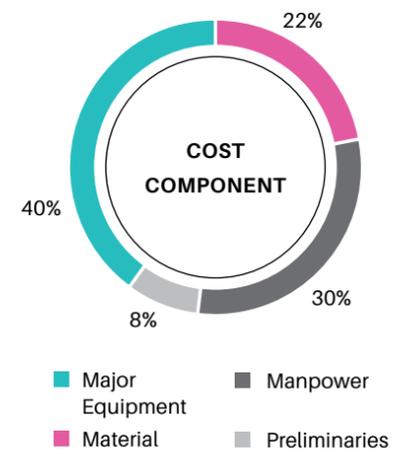
MEP works at MRT Line 2 Sentul West underground station

We have received delivery of the major equipment and are in progress with the installation. The other on-going project is the Oxley Tower where we are currently undertaking the electrical and extra-low voltage system at the high rise towers project in Jalan Ampang.



WORKFORCE

Staff Force	2020	2019	2018
Male	121	113	132
Female	22	20	20
Total	143	133	152
Staff Category (%)	2020	2019	2018
Executive	81.1	80	81
Non Executive	18.9	20	19



OUTLOOK

Our MEP division continues to adopt advanced and value added solutions to support the design, delivery and operation of the facilities that we build. Having built a solid track record in technically challenging MEP works ranging from commercial, residential, infrastructure to specialized engineering works, we are well positioned to capitalize on the prospects arising from the roll out of building and infrastructure projects in the Malaysian Budget 2021.



SUSTAINABLE ENERGY SERVICES

15 Solar PV projects implemented to date
Total capacity 25 MW

2020 REVIEW

Our sustainable energy division provides sustainable energy solutions ranging from district cooling plants to renewable energy services for large scale solar farms residential and commercial buildings, as part of our commitment to reduce the carbon footprint.

During the year, we made significant inroads into our sustainable energy venture with the award of three solar rooftop engineering, procurement, construction and commissioning (EPCC) projects totalling 10,279 kWp by F&N Group of Companies. The solar rooftop photovoltaic (PV) panels will be implemented at F&N's manufacturing facilities in Shah Alam, and Klang in Selangor, as well as in Karak, Pahang, and are part of their solar conservation initiatives. Further to that, University Sains Malaysia (USM) had awarded us the rooftop Power Purchase Agreement (PPA) solar project which will be implemented at USM Engineering Campus in Nibong Tebal, Penang. The projects will be carried out in 2021 and are expected to complete in the same year.

These projects are in addition to the several rooftop solar PV system projects that we are currently constructing for residential, commercial and industrial properties for our in-house developments. We have secured over 25MW of solar PV projects to date.

Another significant milestone during the year is our partnership with ENGIE South East Asia through an MoU agreement (in June 2020), to advance the



Sunway Medical Centre equipped with rooftop solar photovoltaic panels

adoption of district cooling technology in Malaysia through. ENGIE SEA is part of the ENGIE Group, the European leader in energy and value-added energy solutions with a global presence. Through this partnership, we are able to engineer, finance, construct, develop, operate and maintain district cooling systems for greenfield and brownfield urban development projects, including some of Sunway's portfolio of office buildings, retail malls, educational institutions, medical centres, hotels, resorts, theme parks and factories.

Globally, district cooling systems are becoming the preferred cooling solutions for cities and buildings, as compared to stand-alone chiller plants. District cooling produces chilled water centrally for distribution to nearby facilities through a network of insulated pipes to achieve efficient air conditioning of buildings.

This technological approach is more efficient and generates significant savings in capital expenditures, energy and operating costs compared to the conventional usage of de-centralised chiller plants. District cooling is a key enabler in meeting the increasing air conditioning needs from businesses and customers in a more sustainable way for the environment, in Malaysia and in ASEAN.

To date, SunCon has undertaken the EPCC of several thermal energy storage (TES) tanks, cooling plants and district cooling plants in our portfolio and this venture into the operation of district cooling plants with ENGIE will offer further value added solutions to our clients.

In 2020, we have also submitted EPCC tenders for four packages of the Large Scale Solar 4 (LSS4) and the result is expected to be announced by early 2021. The Energy Commission's LSS4 programme offers 1GWac worth of contracts through a competitive bidding process to help reactivate Malaysia's economy in the wake of the COVID-19 pandemic. The overall capacity will be split into smaller baskets which will benefit more local players. Introduced in 2016, the LSS is an extensive programme by the Energy Commission of Malaysia that enables companies to bid, develop, operate and maintain large-scale solar PV plants in Malaysia. It is currently on the 4th round of bidding.

9th June 2020 Sunway Construction Partners ENGIE To Expand District Cooling Technology In Malaysia



SunCon partnered with ENGIE, the European leader in energy and value-added energy solutions with a global presence, to set up a joint venture company to accelerate environmental sustainability efforts by expanding the district cooling technology in Malaysia. The partnership will see increased adoption of district cooling technology, which will contribute towards the nation's environmental sustainability goals. This is also in line with Sunway's commitment towards advancing the United Nations Sustainable Development Goals (UNSDG), particularly Goal 7: Affordable and Clean Energy.

OUTLOOK

The sustainable energy segment offers bright prospects as Malaysia aims to increase renewable energy in its generation mix to 20% by 2025, according to the Energy Commission. The government has taken various initiatives to accelerate solar energy adoption in the country such as the net energy metering scheme and large-scale solar power, among others. In addition, with more companies increasingly and readily embracing the idea of adopting solar power at their facilities for their economic and environmental benefits, we look forward to playing an active role in providing cost-effective and innovative sustainable energy solutions for our clients. Riding on this growth, we target to actively pursue opportunities in the sustainable energy segment moving forward.



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

2020 REVIEW

The Singapore economy contracted by 5.4% in 2020, (Ministry of Trade and Industry), a reversal from the 1.3% growth recorded in 2019.

Our precast division which mainly operates in Singapore, had recorded a lower revenue for the year as a result of the unprecedented measures undertaken by the government to contain the outbreak of COVID-19. The circuit breaker (CB) measures led to a standstill in most construction activities, as well as manpower disruptions, and movement restrictions at foreign worker dormitories. Our precast supply to Singapore Housing Development Board (HDB) projects was disrupted in the 2nd quarter as only 19% of our jobs were given the green light to re-start 2 months later after the phased re-opening of the economy following the CB measures. In the 3rd quarter, all of our precast projects were given the green light to commence work by the Singapore government and have since been operating back to normal.

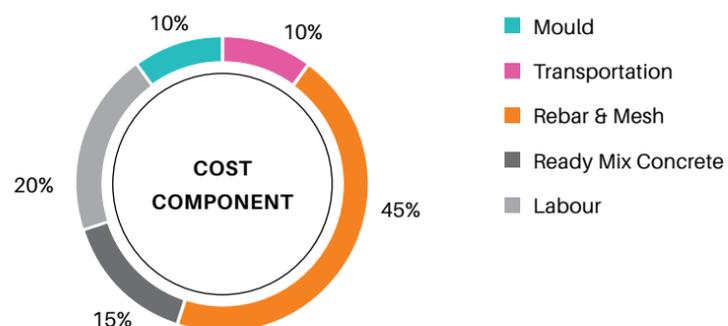
The construction of our Integrated Construction and Prefabricated Hub (ICPH) in Pulau Punggol Barat, Singapore was also affected due to the CB measures. However with the resumption of construction activity, our ICPH project is now progressing in full swing and is expected to complete in 2022. The ICPH is a multi-storey fully automated manufacturing facility for producing



Artist's impression of the proposed Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore

prefabricated construction elements with a high degree of mechanization and/or automation. The new facility is expected to be fully operational in 2022 and is projected to produce 75,000 m³ of concrete products per year, boosting our capability to meet the rising demand of precast components in Singapore.

To further leverage on our precast capabilities, we are exploring within our in-house projects to commence a project in central region using precast/Industrialised Building Systems (IBS) for more consistent quality, faster cycle time and promoting a safer site environment.



WORKFORCE

Staff Force	2020	2019	2018
Male	85	58	47
Female	8	9	7
Total	93	67	54
Staff Category (%)	2020	2019	2018
Executive	20.4	33	35
Non Executive	79.6	67	65

PRECAST SEGMENT INDICATORS

	2020	2019	2018
HDB BTO Launched in Singapore (units)	16,752	14,591	15,811
Precast Division Sales - Private (%)	10%	4%	4%
Precast Division Sales - HDB (%)	90%	96%	96%
Maximum Plant Capacity (m ³ per annum)	126,000	126,000	126,000
Overall Plant Utilisation (%)	47%	65%	65%

OUTLOOK

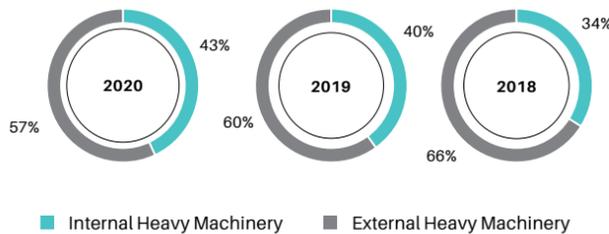
The Singapore economy is expected to see a modest recovery in 2021 with growth projected at between 4% to 6% (MTI). The continued reopening of the economy and low number of new daily COVID-19 cases should further support the recovery. The demand for HDB flats remains encouraging and up to 17,000 (16,752 in 2020) flats may be launched in the year ahead in order to meet the demand, which bodes well for our precast business. However the country's economic prospects are expected to be weighed down by cautious demand in external trade, restrictions on cross-border travel and generally weak domestic demand conditions due to the softening local labour market which may cloud the outlook.

FLEET OF MACHINERY

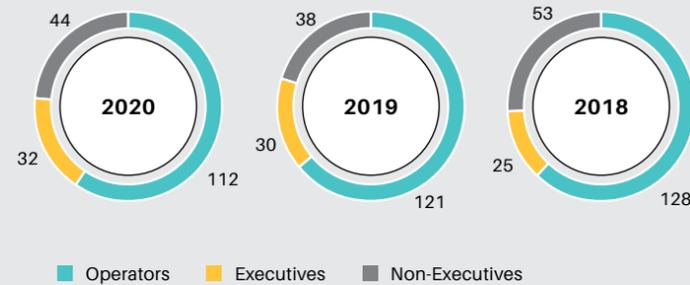
MACHINERY DIVISION

SunCon's machinery division specialises in supplying machines and providing related support services for our building, geotechnical and civil/infrastructure construction projects. We own and operate a full range of heavy construction machinery and equipment such as lifting and hoisting machines, earthwork machines, foundation construction machines, water and concrete pumps, transportation and haulage and system formwork. Our machines are all registered and licensed with valid operating permits by the relevant authority and our operators are also accredited by the Construction Industry Development Board (CIDB) and Jabatan Keselamatan Dan Kesihatan Pekerjaan (JKKP).

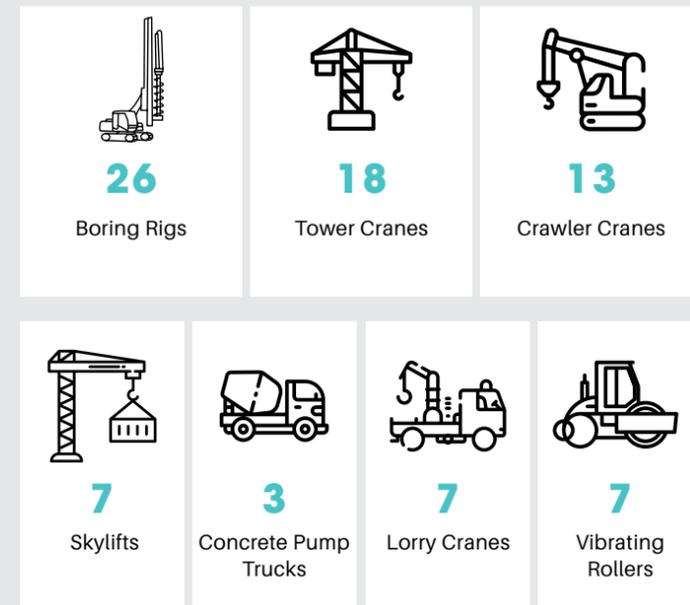
2020 REVIEW



EMPLOYEES CATEGORY

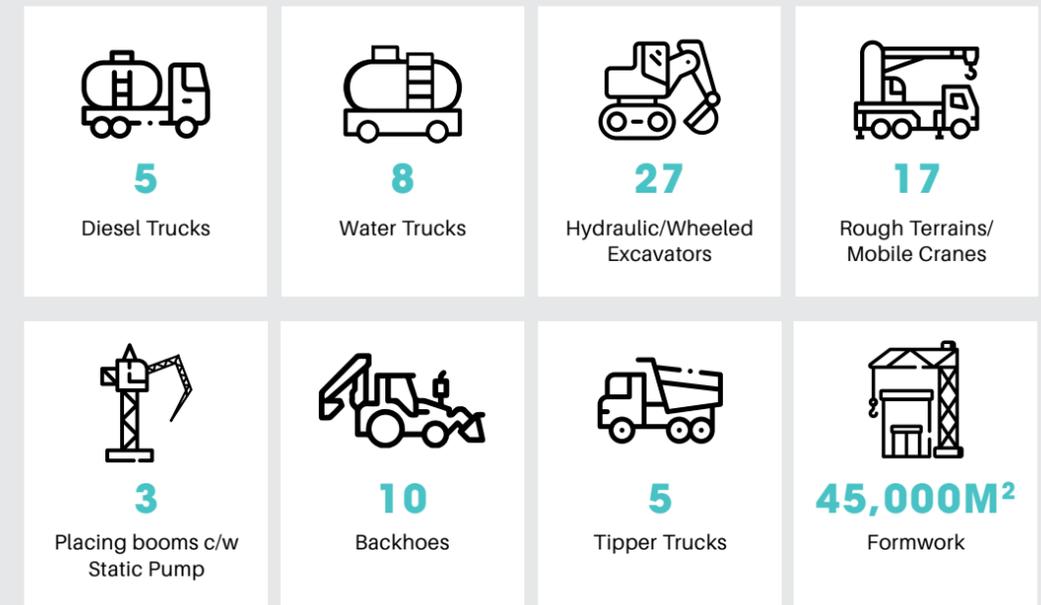
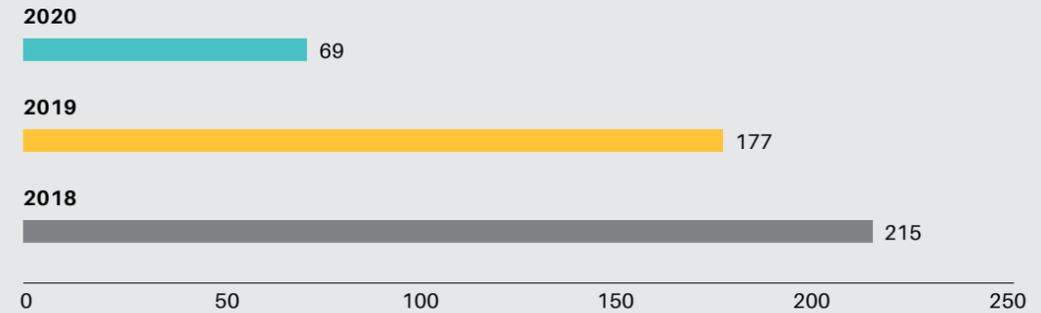


FLEET OF MACHINERY



During the year, we have relocated our machinery workshop in USJ and warehouses in Batang Kali to a centralised location in Sunway Enterprise Park (SEP), Puchong. With all our resources and facilities in one place, we are looking forward to achieving greater cost and operational efficiency across SunCon Group. Our new workshop is equipped with heavy duty workshop facilities such as four units of 10 tonnes overhead cranes that would enlarge our scope of repair and maintenance of machinery internally. This would then reduce our reliance on external service providers for heavy duty repairs. In addition, we have also installed full GPS and camera system with Real-Time Vehicle Tracking and Live-In Vehicle Video Streaming in all our cargo and service trucks for safety, security and better monitoring of both our drivers and vehicles.

EMPLOYEES TRAINED BY SUNWAY MACHINERY SDN BHD - TRAINING ACADEMY



Apart from that, we are also committed to reducing our own environmental footprint by improving energy efficiency, using resources responsibly and reducing waste. We have continued to use high performance engine oil with a prolonged life cycle and reduced oil change intervals to reduce oil waste associated with scheduled maintenance service. In terms of green energy, we have also installed 1442 m² of solar panels with capacity of 286.88 kWp on the roof of our new workshop to generate electricity for our own consumption. In addition, we also have a rainwater harvesting system to support the conservation of water and reduce water wastage. The rainwater collected can be used for washing and general cleaning purpose.

As part of our efforts to continuously upscale the skills and knowledge of machinery operators, workers and mechanics to support our construction business as well as to add value to the construction industry, SunCon's machinery division conducts training on the safe operation, inspection and maintenance of the machines at our accredited training centre, as well as offers competency certification programmes for operators. The trainings are conducted by competent and trained instructors and coaches and comprise of both classroom and practical sessions. Despite MCO, we have trained in total 69 employees in the year 2020.

OUTLOOK

With the relocation of our new workshop at SEP, we are now a one stop centre with workshop, warehouse and training facilities for us to enhance our services to SunCon's projects. We are in the midst of establishing a full-fledged trade training centre which is accredited by Construction Industry Development Board (CIDB), Jabatan Pembangunan Kemahiran (JPK) and Department of Occupational Safety and Health (DOSH) with the capacity to provide training for both in-house and external parties. Apart from that, we will focus on upskilling the technical competency of our employees to improve productivity and quality of services provided. Moving forward, we will continue to provide support to SunCon's projects and grow together via regional and overseas expansion.



CENTRE OF EXCELLENCE - VIRTUAL DESIGN AND CONSTRUCTION (VDC)

SunCon VDC specialises in Building Information Modelling (BIM) and Integrated Project Delivery (IPD). Successful delivery of projects is always at the heart of SunCon's business. As we advance, the construction industry will face more challenges, such as uncertain market conditions, growing requirements from clients, labour shortages, increased competition and unforeseen work conditions. Therefore, VDC's objective has expanded from supporting project BIM requirements to integrating new technology with project delivery, digitally transforming the construction industry.

BIM is now widely implemented and integrated into our daily operations. Since 2019, we have made BIM implementation mandatory for all new building projects and other disciplines are in the pipeline.

EMBRACING THE NEW NORM

As a part of the bigger Sunway Family, Sunway Construction has benefited from the accelerated digital adoption driven by the Sunway Group. We have completely adopted Microsoft Office 365 in 2019 for all project sites, which includes cloud collaboration platforms such as Microsoft Teams, OneDrive, Outlook and Power Automate. With these productive tools, we were able to continue collaboration virtually with our stakeholders, while maintaining the overall productivity of each team member during the Movement Control Order (MCO)



Visualising the different building elements using a BIM model enables clashes to be identified and eliminated before actual construction commences

period. As a result, all coordination work and shop drawings production met the original target dates set before the MCO without compromising on the quality of work.

Our ability to overcome this challenge has shown our resilience and digital capabilities; we have sufficient infrastructure and processes in place to thrive in this uncertain pandemic situation.

MAXIMISING UTILISATION OF 3D BIM MODELS

In the past, we had strengthened our ecosystem by having the right people, system and processes in place to create intelligent BIM models and integrate the right BIM data. This year, our team focused on drawing values from the BIM model. As we venture into more BIM projects, our team has successfully developed more automated solutions to improve our operational efficiency using a combination of tools such as Revit-Dynamo, Excel Macros, Power Automate and Python. We had also started implementing BIM for digital field survey since 2019, with our surveyors seeing improved productivity using this technique due to its high accuracy and speed.

SUNWAY VDC 4D - TIME

By having a high-quality 3D BIM model, we are able to integrate work schedules to create virtual construction sequences. This is particularly useful for establishing tasks assignment, logistics and resources planning, allowing clients and other project team members to

understand the construction sequence. Detailed 4D simulation as virtual construction is carried out before physical construction, hence, allowing easy risks identification.

In SunCon, we digitise the domain knowledge of the experienced Project Manager by integrating their knowledge in risk mitigation with the aid of technology to generate an effective 4D VDC based project planning. Therefore, SunCon 4D VDC is a fusion of the human brain and BIM technology to achieve "Lean Construction".

To date, we are one of the few contractors in Malaysia that have the skill and experience to fulfil 4D requirements contractually in executing projects.

SUNWAY VDC 5D - COST

With the principal of digitalising the tedious workflow in the construction industry, our team is working towards automating the extraction of Bills of Quantity by using BIM technology. With the BIM Standard Methods of Measurement as part of the model's main framework, we are now able to extract speedily material quantities for accurate cost estimation and reporting purposes.

SUNWAY VDC 6D - FACILITY MANAGEMENT (FM)

Generally, design and construction cost accounts for only five to ten percent of the lifetime costs of a facility. The major cost comes from the maintenance and operation of the facility over its life cycle. Therefore, there is a growing interest to extend the use of BIM and its information

to enhance the FM processes, improve efficiency and reduce maintenance and operational costs.

SunCon is the first construction company in Malaysia to have successfully delivered the largest BIM-FM building project in Malaysia which includes ten government administrative buildings at Parcel F, Putrajaya completed for a sum of over RM1.6 billion recently.

To further advance our capability in BIM-FM, we are looking initially into projects within our green township of Bandar Sunway to implement a customised BIM-FM solution. We believe by laying this essential groundwork, we will be able to offer a unique and cost-effective BIM-FM solution that suits a wide variety of clients. This initiative also aligns aptly with our vision to fulfil our Sunway Sustainable Development Goals (SDG).

LEADING THE WAY IN DIGITAL TRANSFORMATION IN THE CONSTRUCTION INDUSTRY

As one of the early VDC practitioners in Malaysia, we have accumulated a rich construction data-set. Leveraging on Sunway's extensive community, we had secured research collaborations with the Computer Science Department of Sunway University since early 2020. The researches focus on applying Machine Learning and Artificial Intelligence (AI) in the construction context, led by lecturers from top universities.

At project sites, we are also constantly experimenting with new, cost-effective technology. We are the first contractor in Malaysia to deploy open-source Chatbot to prototype and streamline construction site processes to support Operation, Planning and Safety Departments.

As part of our efforts to continuously develop VDC, we believe the advancement of technology such as 5G, Augmented Reality (AR), Internet of Things (IoT) and Artificial Intelligence (AI) will bring tremendous opportunities to disrupt the industry. In tandem with the 4th Industrial Revolution, we will continue to leverage on technology to innovatively transform and grow our business.

MANAGING OUR ENVIRONMENTAL IMPACTS

Climate change has become a key concern worldwide as global temperatures increase and extreme weather events cause major destruction to development, crops and wildlife habitats, among other impacts. The built sector has been identified in the 2019 Global Status Report for Buildings and Construction as one of the major contributors of GHG, accounting for about 40% of the world's energy- and process-related carbon emissions¹. Experts believe that the concentration of greenhouse gases in the atmosphere, which is a major factor of climate change, will continue to rise as more countries gradually ease lockdowns that were imposed to curb the spread of the COVID-19 virus.²

As Malaysia's largest pure play construction company, SunCon is committed to reducing its carbon footprint and minimising its contribution to climate change in its endeavour to build sustainable development. We recognise that construction is an inherently disruptive activity, and it can impact the surrounding environment, the water quality and the local community, and generate excessive noise and dust pollution as well as waste to landfill. Hence, we have in place our QESH³ policy, strict regulatory compliance and best management practices as we aim to prevent environmental pollution, ensure good stewardship in waste management and improve awareness on good environmental practices. These will enable us to contribute to the development of urban infrastructure and positive indirect economic impact while protecting and preserving the environment.



Piling and foundation works at Parcel CP2, Bandar Sunway

¹ Source: 2019 Global Status Report for Buildings and Construction, Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme, December 2019.

² Source: United in Science 2020, World Meteorological Organization, https://public.wmo.int/en/resources/united_in_science

³ To know more about SunCon's QESH policy, please visit our corporate website at:

 <https://www.sunwayconstruction.com.my>

LIFE CYCLE PERSPECTIVE

A life cycle perspective includes consideration of the environmental aspects of an organisation's activities, products and services that are within its control or influence. At SunCon, life cycle mapping is incorporated into the QESH Management System where its boundaries are mapped against all the associated activities, products and services that are within our control. Due to our strategic inclusion of risk-based thinking and life cycle perspective as standard requirements, SunCon has been certified with the ISO 14001:2015 Environmental Management System since 2018, an upgrade from the previous ISO 14001:2004.

Furthermore, we ensure that Environmental Aspects and Impacts Assessments are part of our requirements prior to any activities identified within the boundaries. These assessments enable us to identify and mitigate our environmental impacts, besides identifying opportunities in the waste that we generate.

EMBEDDING GOOD ENVIRONMENTAL PRACTICES

SunCon's Objectives in Environmental Management

Objectives	Targets
To prevent environmental pollution at project sites	<ul style="list-style-type: none"> To achieve zero compounds and fines from federal and local authorities. To maintain notice received from the authorities on vector issues at 0.10 or below Company-wide.
To manage construction waste at project sites	<ul style="list-style-type: none"> To segregate construction waste at designated areas by type of waste for 3R and disposal.
To improve awareness on good environmental practices at project sites	<ul style="list-style-type: none"> To achieve a monthly environmental inspection score of 80% and above.

At SunCon, we take good environmental practices at project sites seriously by adopting a systematic approach and implementing robust initiatives as we strive to minimise our environmental footprint. All our project sites are certified with the ISO 14001 Environmental Management System, which ensures stringent policy implementation, regular monitoring, commitment from senior management and setting targets to measure performance. In addition, we comply with our QESH policy which commits us to conserve natural resources through systematic environmental aspects and impacts evaluations, proper planning and implementation of operational controls, minimising the use of resources as well as avoiding wastage.

To ensure the implementation of the management system and the policy, Environmental Officers are appointed at project level at every construction site to assist and manage environmental protection and best management practices. At corporate level, we have an Environmental Manager based at the headquarters who is responsible for the overall environmental implementation on sites, the development of training programmes, site inspections and advising on project levels.

SunCon has:



Environmental protection works along Sungai Gasi, MRT Line 2 Package V201

AIR MONITORING

In our efforts to reduce our carbon footprint, SunCon strictly complies with environmental regulations and prohibits open burning in all its construction sites. We ensure all project sites comply with the emission limits set by the Department of Environment (DOE) through our air quality monitoring programmes that monitor the Total Suspended Solid Particulates (TSP) in the air. The programmes also ensure the worksites strive to reduce the impact of their construction activities on the air quality of the surrounding areas. The monitoring frequency is either biweekly, monthly or quarterly, based on the project requirements. We are pleased to report that the TSP readings across all our project sites were below the DOE's limit of 260ug/m³.

In compliance with the New Malaysia Ambient Air Quality Standard, we have included the monitoring of particulate matter with sizes less than 10 microns (PM₁₀), nitrogen dioxide (NO₂) and carbon monoxide (CO) as part of the monitoring programmes for our new projects. The tables below show that our parameter readings across the monitoring stations are within DOE limits.

PM₁₀ Monitoring

Project	Permissible Limit	Average Baseline (µg/m ³)	2019		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
TNB 2C	100	-	10.8	60.2	5.0	38.6
PNLC	100	33.0	32.0	58.0	14.0	84.0
Big Box Hotel	100	-	-	-	23.0	53.2
CP2	100	-	-	-	3.1	29.3

Nitrogen Dioxide (NO₂)

Project	Permissible Limit	Average Baseline (µg/m ³)	2018		2019		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
MRT V201	70	1.6	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0
LRT3 GS07&08	70	<0.5	<0.5	<1.0	<0.5	<1.0	<0.5	<0.5

Carbon Monoxide (CO)

Project	Permissible Limit	Average Baseline (µg/m ³)	2018		2019		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
MRT V201	30	<0.5	-	-	1.0	2.1	0.5	2.1
LRT3 GS07&08	30	0.8	-	-	0.8	2.4	1.2	4.3



Temporary noise barriers at project site to prevent noise propagation to the neighbourhood

NOISE MONITORING

SunCon strives to reduce the amount of noise generated by its construction activities to ensure minimal noise impact on its workers and surrounding communities. Proper measures such as installing noise barriers and limiting work activity at night are put in place to control noise exposure. We also engage with local communities to explore various measures to mitigate noise pollution.

To monitor the noise generated by our activities, noise levels are recorded monthly or quarterly and sometimes on a weekly basis across our construction sites. The table below shows that the average noise levels of SunCon projects were generally within limits and baseline values.

Project	Noise Monitoring (Day) General Limit: 65 dB		Noise Monitoring (Night) General Limit: 55 dB	
	Baseline	Average	Baseline	Average
MRT V201	66.2	65.9	62.2	59.8
LRT3 GS07&08	68.3	65.9	63.8	61.2
SMCSJ	62.2	66.9	65.5	57.4
SCME	65.9	58.6	60.9	54.7
RC1	66.4	58.6	62.8	48.8
Big Box Hotel	64.2	57.2	53.2	47.6
SMC 4	64.1	67.8	59.1	59.7
KJ P1	61.2	58.5	-	-
3C4	71.6	67.9	63.3	60.9
Velocity 2	60.5	68.2	55.2	56.5
TNB 2C	50.3	57.1	48.2	54.8
7MD7	61.0	60.4	57.0	55.3
PNLC	60.8	63.5	54.6	57.0
CP2	66.1	66.2	61.9	52.5

CHEMICAL MANAGEMENT

SunCon ensures the implementation of best management practices to mitigate pollution at all our project sites and complies with the necessary legal requirements for chemical classification, labelling, handling and storage. We acknowledge that leakages and chemical spills will cause contamination in groundwater and caused soil pollution, we strive to ensure no such incidences occur at our project sites. In 2020, we recorded zero major spill incidents across our project sites.

WASTE MANAGEMENT

SunCon is dedicated to minimising the impacts of our operations on the environment and the local communities. We are acutely aware of the inevitable solid waste generated by our business operations that encompass construction work and office work. To this end, we adopt proactive measures that aim to minimise waste generation and lower our waste disposal cost, which accounts for an average of 6.4% of total site operation costs.

Our commitment to preventing environmental pollution, managing our waste and conserving resources is underpinned by SunCon's robust QESH policy, which not only includes systematic environmental aspects and impacts evaluations and control implementation, but also demonstrates our passion to do the right things right the first time and every time to reduce waste and ensure responsible consumption of raw materials.

Our operations generate both hazardous and non-hazardous waste. While hazardous waste is categorised as scheduled waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, non-hazardous waste is mainly domestic waste, construction

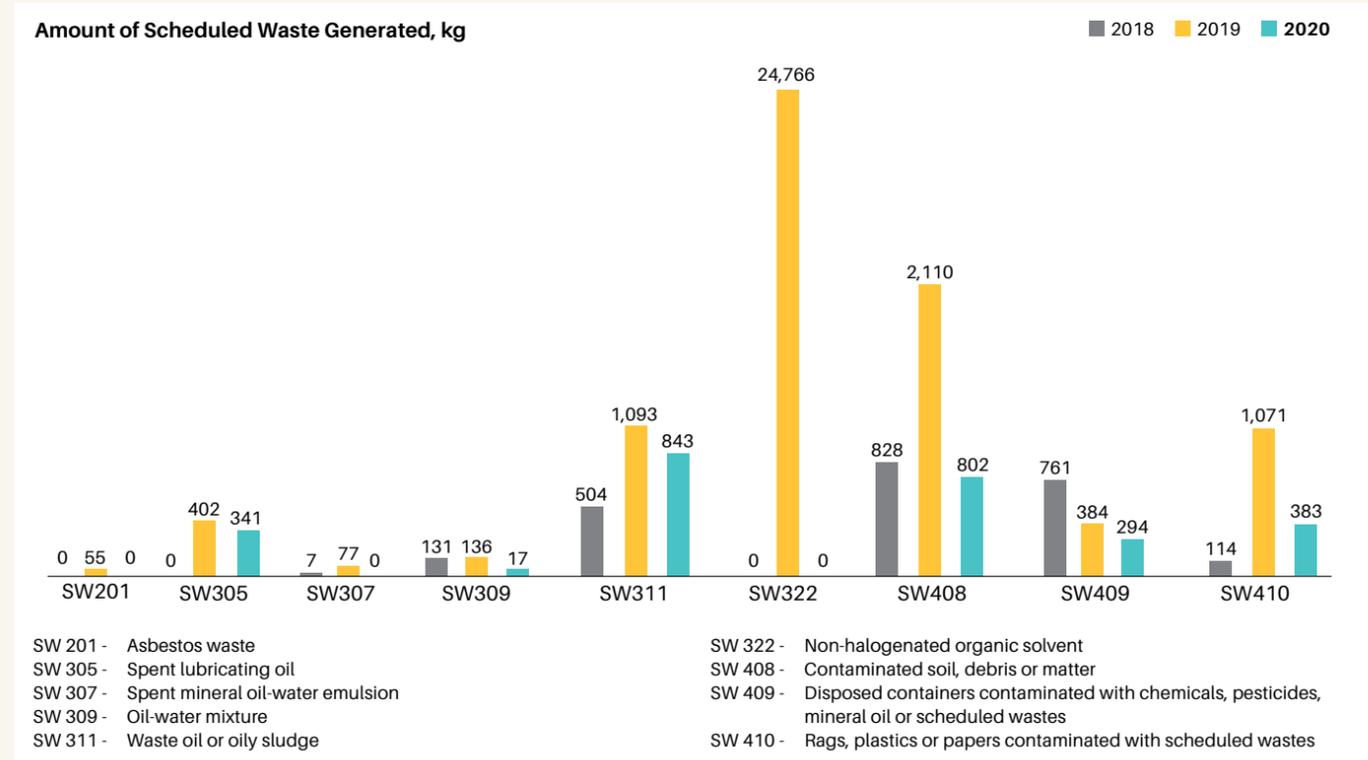
waste and recyclable waste. We are cognisant of the legal punishment of a fine of up to RM500,000 for every offence of improper hazardous waste disposal, emissions and discharges. Violations of environmental regulatory compliance will also damage company reputation and branding. Hence, we strive towards preventing environmental pollution at project sites and are proud to report that we achieved our target of zero environmental violations and fines from federal and local authorities in 2020.

HAZARDOUS WASTE

Hazardous waste is waste with properties that can pose a serious threat to human health and the environment if not properly managed. SunCon complies with all the required environmental regulatory rules and ensures its hazardous waste is collected in a designated storage area within the project vicinity before being transported by appointed licensed scheduled waste collectors and disposed of according to legal requirements.

Our hazardous waste includes spent lubricating oil, waste oil sludge, contaminated soil and used chemical containers. To reduce scheduled waste generation, we use engine oil with extended oil drain intervals, which saved RM101,482 in 2020.

Due to the COVID-19 pandemic and the various movement control orders, there was a sharp slowdown in the progress of our various projects, leading to a significant decline in waste that was generated. We are, however, committed to continually reducing our scheduled waste generation as good stewardship in environmental protection and conservation. We plan to achieve this through continuous awareness training and maintenance to ensure that the generation of contaminated soil can be minimised.



NON-HAZARDOUS WASTE



SunCon's non-hazardous waste generally comprises construction waste, domestic waste and recyclable waste such as timber, concrete, steel, paper, plastics, aluminium and glass. We strive to reduce our waste to landfill by advocating and practising waste minimisation through the 3R approach, i.e. by reducing, reusing and recycling our resources at construction sites and headquarters. To encourage workers and employees to reuse and recycle, 3R recycling bins for paper, plastics and aluminium are placed across our operations, headquarters and project sites, including at workers' rest areas and canteens. While recyclable waste is collected by recycling centres, non-recyclable waste is sent to landfills by our appointed waste collectors.

SUNCON'S WASTE MANAGEMENT PROCESS



To manage our construction waste and minimise extraction of virgin raw materials, we segregate the waste into concrete, timber, steel and general waste before recycling and reusing it.

<p>Concrete Waste Concrete waste is reused as crusher runs for the internal highway within a project site</p>	<p>Timber Waste Timber waste is mainly reused for signage, storage facilities and other site facilities</p>	<p>Steel Waste Steel bars are recycled</p>	<p>General Waste General waste is segregated into paper, glass, aluminium, plastic and non-recyclable waste</p>
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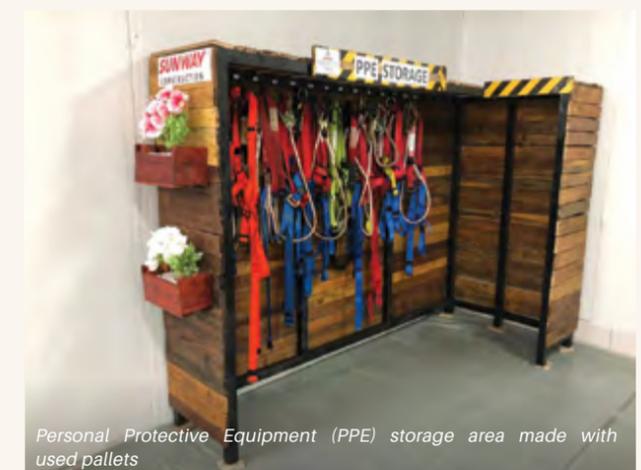
To ensure waste minimisation at construction sites, we have set the following targets for each material:

	Target	2018	2019	2020
Actual Wastage				
Ready-mix concrete foundation				
Piling works	25%	12.00%	23.85%	13.48%
Basement works (pile cap)	15%	20.00%	12.25%	30.84%*
Ready-mix concrete				
Building works	5%	5.28%	4.73%	4.93%
Civil works	8%	5.03%	5.68%	5.32%
Steel bars				
Geotechnical works	10%	9.70%	13.85%	10.49%
Building works	8%	8.32%	6.83%	7.92%
Civil works	8%	7.66%	4.36%	5.73%
Bricks (building works)	7%	6.40%	7.00%	7.00%
Tiles (building works)	8%	7.40%	7.85%	8.10%

* Due to soil conditions resulting in increased concrete loss

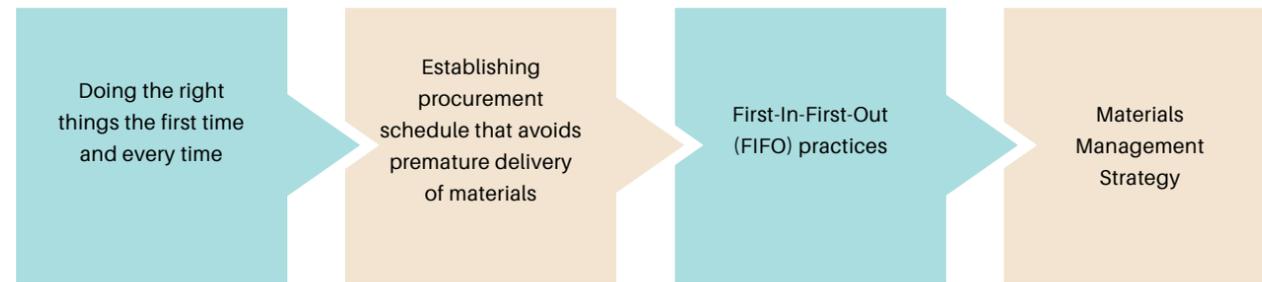
MATERIALS MANAGEMENT

SunCon acknowledges that natural resources are finite amid rapid global development and is thus aware of the role it can play in conserving the environment. Underpinned by its Materials Management Strategy, SunCon strives to use sustainable construction materials and applies eco-friendly practices that minimise the consumption of non-renewable resources and energy at construction sites, ultimately lowering its environmental footprint. In ensuring that the quality and durability of building material are not compromised, we encourage the use of innovative construction practices in every project. The amount of building material is also closely monitored to maintain building costs and ensure sustainable sourcing.



Personal Protective Equipment (PPE) storage area made with used pallets

MATERIALS MANAGEMENT STRATEGY



SUSTAINABLE BUILDING MATERIALS

Autoclaved Lightweight Concrete (ALC) Blocks

An excellent building material that is capable of withstanding high temperatures as well as fire, Autoclaved Lightweight Concrete (ALC) blocks are an important building material in SunCon projects. Apart from being sound-resistant, ALC blocks produce less solid waste and carbon emissions during their manufacturing process, cutting industrial waste by at least 30% and greenhouse radiation by 50%. The material is lightweight and enables maximum workability, versatility and longevity, reducing over 60% integrated energy on the surface of bricks.

Low Volatile Organic Compounds Paint

SunCon uses low Volatile Organic Compounds (VOC) paints wherever possible in its projects to avoid the release of harmful substances and fumes from paints and lacquers, paint strippers, cleaning supplies, pesticides, building materials and furnishing and craft materials such as adhesives and permanent markers that emit VOC, which are deemed one of the top five risks to human health.

Eco-friendly Pavement

SunCon ensures its pavement products are certified with Singapore's Green Label, which endorses industrial and consumer products with lowered environmental impact.

SUSTAINABLE BUILDING PRACTICES

Industrialised Building System (IBS)

SunCon applies the Industrialised Building System (IBS) for non-load bearing walls at KJ P1, RC 1 and Velocity 2 projects. IBS is a prefabrication system that enables components to be manufactured off-site and installed at project sites with minimum work. Apart from reducing costs and time, the system also eliminates working at height hazards and eases housekeeping.

Benefits of IBS:

- Reduces construction time
- Reduces total cost
- Improves quality of buildings
- Promotes safe and systematic working environment
- Ensures cleanliness and tidiness at worksites, and waste minimisation and reduction.

System Formwork

Formwork is the process of creating a temporary mould for concrete to be poured into and formed. System formwork is used in most of SunCon's projects as it reduces material consumption, wastage, manpower and time, as well as worksite hazards. This formwork is also reusable, and hence more economical than conventional formwork.

WATER MANAGEMENT

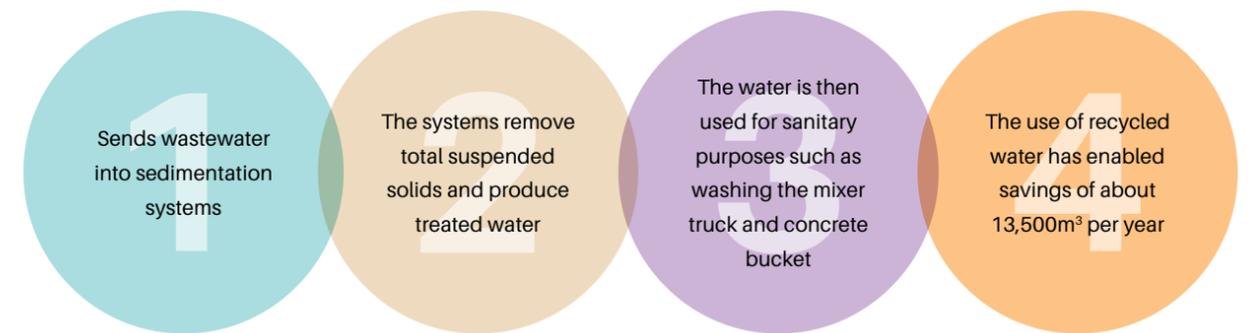
Water is an important natural resource for many industries including construction and any improper disposal of wastewater can cause pollution at source, which leads to water disruptions. According to the National Water Services Commission*, 96% of water interruptions in Peninsular Malaysia and the Federal Territory of Labuan in 2018 were unscheduled.

Water is a key natural resource for SunCon's construction sites as it is required in many construction activities as well as non-critical activities such as sanitation, irrigation, dust suppression and road-cleaning works. Based on the Water Stress Index published by the National Hydraulic Research Institute of Malaysia (NAHRIM), 94% of the 17 project sites controlled by SunCon are within water-stressed areas. As such, we recognise that we are affected in one way or another, as we require clean water for most of the critical activities. Hence, safeguarding our water and reducing our water footprint is imperative to ensure our operations do not impact the community around us, as well as the quality and delivery of our products. We are pleased to report that no incidents of non-compliance with water quality, standards and regulations were recorded within the reporting period.

* Peninsular Malaysia and FT of Labuan Water and Sewerage Statistics 2019, National Water Services Commission

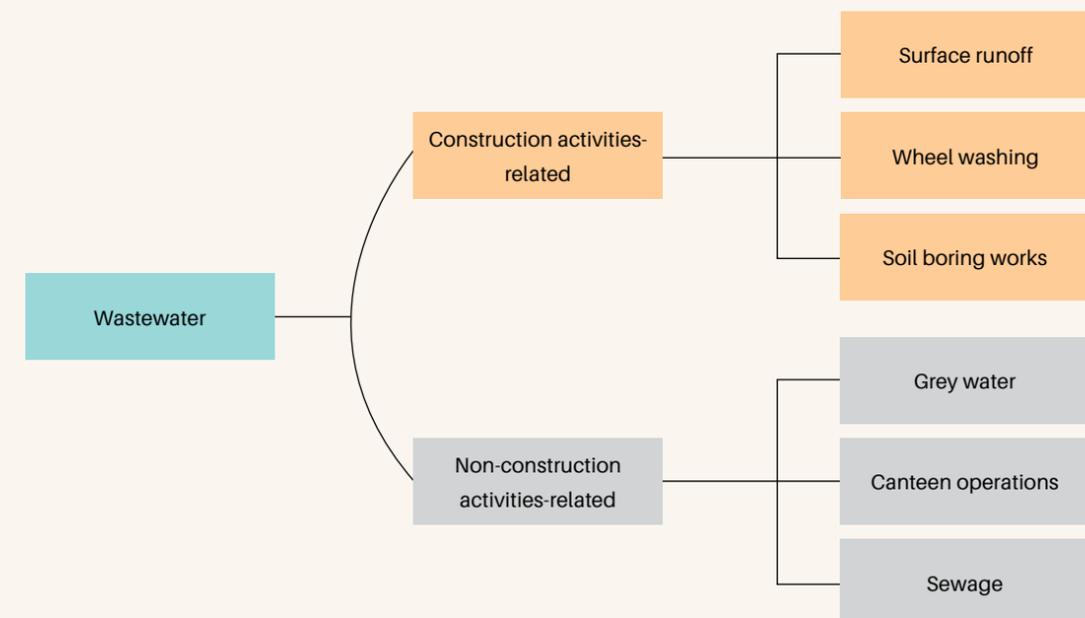
WATER RECYCLING AT SUNWAY CONCRETE PRODUCTS

Our Sunway Concrete Products plant in Sunway Iskandar, Johor has installed water treatment facilities on-site to treat effluent discharge from the cement mixing plant. The treatment:



WASTEWATER MANAGEMENT

Wastewater from construction sites is generally divided into two categories - construction activities-related and non-construction activities-related. Wastewater that is generated from construction activities is usually from surface runoff, wheel washing and soil boring works while non-construction-related wastewater comes from grey water, canteen operations and sewage. The various types of wastewater are managed differently to minimise pollution.



Non-construction activities wastewater

For portable and temporary toilets, we engage service providers to periodically maintain the sewage storage tanks to ensure the effluents do not overflow and cause water, soil and odour pollution. For management of grey water generated from canteen operations, SunCon requires all canteen operators at the project sites that are under our management control to install grease traps at their sink outlets to prevent grease from flowing into the sewerage system. The grease collected will be disposed off at buy-back collection centres.

Construction activities wastewater

To minimise pollution from construction activities, we have installed various erosion and sediment controls (ESCs) such as silt fences, silt traps, sedimentation ponds and slope protections, among others. These will prevent surface runoff during rainfall, which will transfer sediments to water bodies that are in close proximity to our construction sites. We also engage environmental consultants to monitor water and effluents at final discharge points according to the required frequency as specified in the Conditions of Approval by the Department of Environment (DOE) or by project requirements, either monthly or quarterly.

Meanwhile, our Total Suspended Solids (TSS) are measured to ensure our discharges are within the DOE's compliance limit. If any TSS readings are above the limit, we will take immediate corrective and preventive measures to ensure no recurrence in the future. Our preventive actions include regular maintenance of our ESCs to ensure maximum efficiency in capturing and reducing the amount of silt and sediment leaving our sites. For silt traps, sedimentation ponds and check dams, we filter sediment from the water runoff before it enters water bodies, and in some cases, we redesign or relocate silt traps that are ineffective.

While we monitor the quality of water discharged, we do not monitor the quantity of water discharged as our discharges are heavily influenced by the amount of rainfall. We are pleased to report that in 2020, we had no incidents of non-compliance with water quality and applicable regulations reported.

The following tables show the TSS readings of river water monitoring and silt trap discharge points across our project sites.

River Water Monitoring

Project	Permissible Limit (mg/L)	Average Reading	Max	Min
MRT V201	150	25.9	106.0	3.0
LRT3 GS07&08	50	29.4	74.0	15.0
RC1	100	15.7	61.0	5.0
CP2	150	9.2	19.6	5.0
Velocity 2	150	8.5	30	0.0
PNLC	150	20.8	188.0*	2.0

* One-off occasion due to heavy rain

Silt Trap Discharge Monitoring

Project	Permissible Limit (mg/L)	Average Baseline	Max	Min
MRT V201	50	3.2	32.0	0.0
LRT3 GS07&08	50	10.0	39.0	0.0
SMCSJ	100	3.5	29.0	0.0
SCME	100	40.8	220.0*	0.0
RC1	100	10.7	36.0	0.0
KJ P1	100	26.8	54.0	7.0
Velocity 2	100	18.8	38.0	0.0
SMC 4	100	8.7	36.0	0.0
7MD7	50	6.0	29.0	0.0
TNB 2C	100	32.1	97.3	0.0
PNLC	100	23.9	124.0*	0.0
CP2	100	17.8	66.7	0.0

* One-off occasion due to heavy rain

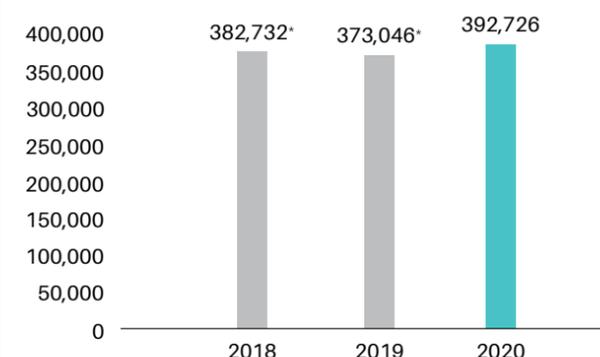
Water Consumption

SunCon's water consumption is mainly from municipal potable water, which we monitor and record based on our monthly water bills. For non-critical works such as dust suppression and road-cleaning works, we use water from our silt traps and lake water for project sites that have access to nearby lakes with the approval of local authorities. This is part of our efforts to reduce water consumption at most of our project sites.

We recognise that water conservation is integral to sustainable development and aspire to report our water consumption intensity across all project sites. Following on from our report in 2019, we have identified the water intensity index as our key performance index as we commit to reducing water consumption. Following up from 2019, this is our first year reporting our Water Use Intensity per unit revenue as we find that this measurement is more suitable for the nature of our business operations. Our water use intensity in 2020 was 253 m³/RM mil. With year 2020 as the base year, we aim to reduce 10% our Water Use Intensity per unit revenue by year 2030. On that note, we intend to make rainwater harvesting a key requirement at project sites, primarily for toilet flushing and irrigation purposes. We also target to establish SOPs for water management and water management plans for all our project sites by 2025.

In 2020, our water consumption data increased by 5.3% due to increased reporting exposure that included our operations at our machinery yard.

Total Water Consumption (m³)



* Figures from 2018 to 2019 are restated

PHYSICAL IMPACTS OF CLIMATE CHANGE

Climate change is increasingly becoming a greater concern among stakeholders, including investors and regulators, in the built industry. SunCon acknowledges the position and role it has in climate change adaptation and has taken proper measures to mitigate the physical impacts of climate change through its robust risk management and strategy.

* To read more about our approach to the TCFD recommendations, please refer to page 32

In 2019, SunCon undertook an assessment of its climate-related risks and opportunities based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and analysed the effects of climate change that could threaten its sustainable growth. The impact of climate-related risks covers various aspects of opportunities and risks involving the environmental and social aspects of the business operations, which can be linked to material financial risk. SunCon's construction activities involve the changing of the landscape, original land use and profile, therefore exposing our projects to the effects of changes in the microclimate around our construction sites. These have the potential to cause project delays, regulatory non-compliance and higher costs. Following the assessment, SunCon identified potential risks and took immediate measures, which has resulted in growth and opportunities.*

In 2021, we will continue to enhance our approach to climate change to reduce the impacts on our operations through strengthened mitigation measures that will include identifying flood-prone areas within the vicinity of our project sites, constructing sufficiently sized detention ponds, ensuring denuded land is vegetated as soon as possible and monitoring for continuous improvement of abatement measures.

ENERGY MANAGEMENT

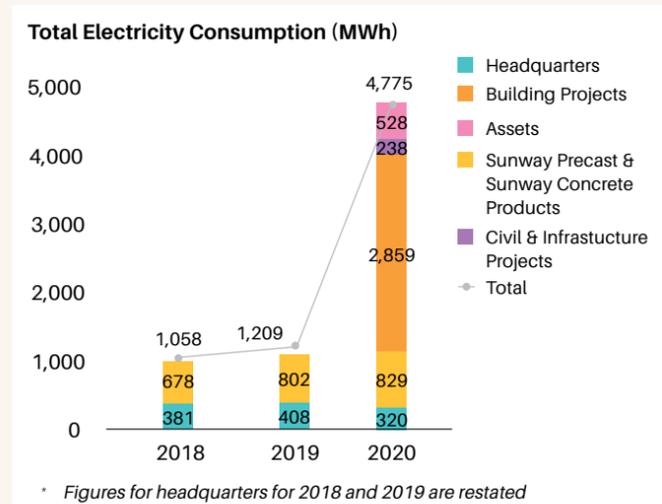
At SunCon, we strive to manage our greenhouse gas (GHG) emissions and energy consumption by identifying pivotal opportunities which we can adopt to reduce our carbon footprint while improving business operations efficiency.

Our energy consumption comprises direct and indirect sources of energy such as electricity from the grid and diesel for machinery, equipment and vehicles at our construction sites, all of which contribute to the effects of climate change. To ensure optimum energy efficiency and minimum energy wastage across our business operations, we closely monitor our energy consumption to reduce operational cost by rolling out initiatives such as using green construction materials and raising awareness on energy efficiency.

ELECTRICITY EFFICIENCY

Installing motion sensor lights across our headquarters since 2019 has proven to be effective in lowering our energy intensity. Additionally, SunCon employees are constantly reminded to switch off lights when not in use. This year, we increased the reporting exposure by including the total electricity consumption from our precast plants, machinery yard and project sites, which contributed to the stark difference in figures as compared to the previous years. In 2020, we embarked on monitoring our Energy Use Intensity (EUI) per Unit Revenue across all our business units.

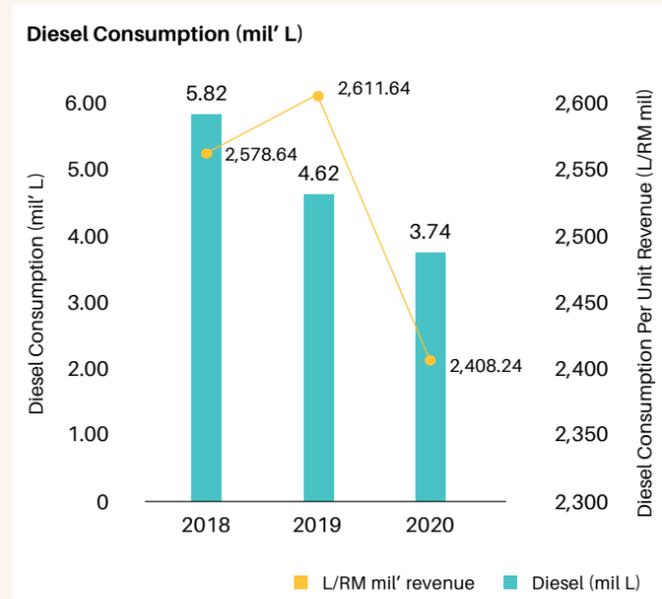
Our EUI in 2020 was 3.08 MWh/RM mil. Moving forward, we will continue to use the EUI as our reporting indicator and aim to establish reduction targets.



Note: Figures stated in charts may not add up due to rounding up of decimals

DIESEL EFFICIENCY

As in most construction sites, our project sites use diesel to generate electricity and as fuel for heavy machinery and vehicles. Due to the COVID-19 pandemic, our operations in 2020 were affected, which resulted in a 24% reduction in diesel consumption as compared to year 2019.



Apart from monitoring fuel consumption, SunCon is also committed to using cleaner fuel to ensure lower carbon emissions, in line with the Group's commitment to UN Sustainable Development Goals. We ensure that our Company vehicles, where applicable, are powered

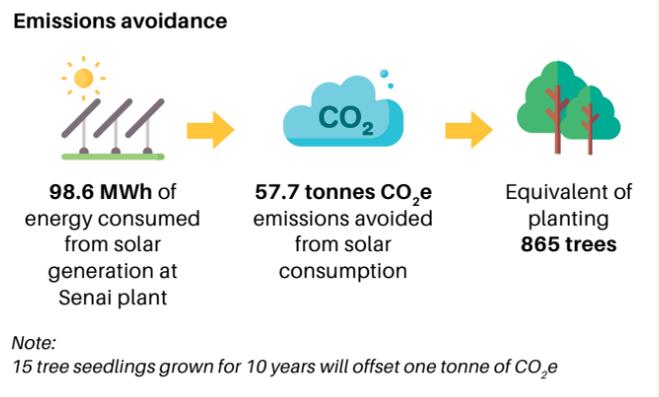
by Euro 5 diesel, which emits lower carbon monoxide, hydrocarbons, nitrogen oxides and particulate matter. It also extends the life of diesel engines and avoids the use of particulate filters by limiting the engines' particulate emissions.

Benefits of Euro 5:

- Reduces carbon emissions from 50 to 20 mg/CO₂
- Lowers maintenance cost of engines
- Increases engine performance
- Enables engines to capture 95% of particulate matter

SOLAR PANELS

In 2020, we successfully installed rooftop solar panels at our Sunway Precast Industries plant at Senai, Johor and they are now fully operational.



IN SUPPORT OF GREEN CONSTRUCTION

As we strive to build sustainable cities, we constantly ensure our managers and staff are trained and accredited in green design, construction and operations in accordance with Green Building Index (GBI), Leadership in Energy and Environmental Design (LEED) and GreenRE certifications. This will ensure our employees are well-equipped with the necessary skills and knowledge to promote and explore sustainable living, besides providing solutions to clients. Our completed and ongoing Green Building projects are:

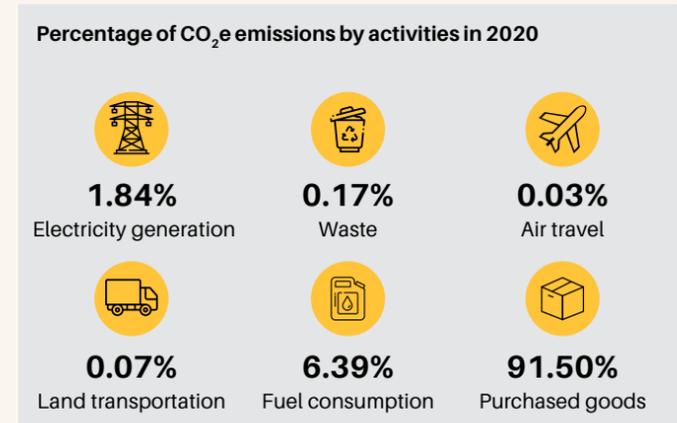
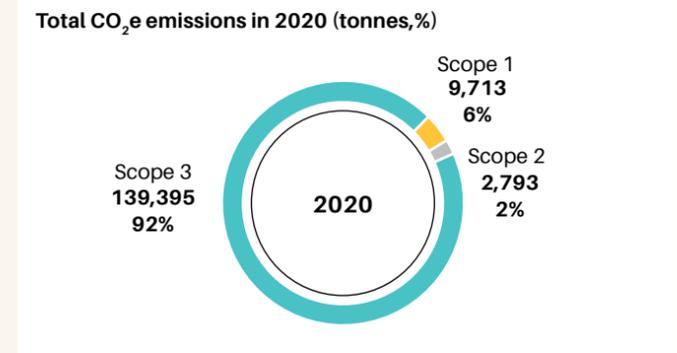
Completed Projects	Details
ISKL	GBI NRNC Platinum
KLCC Package 2	GBI NRNC Gold and LEED Platinum
Sunway Pinnacle	GBI NRNC Certified & Green Mark Gold
Parcel F	GBI NRNC Gold (Pending)
On-going Projects	Details
PNLC	GBI NRNC Platinum
TNB	GBI NRNC Platinum
LRT3 GS07&08	GBI NRNC Silver

GHG EMISSIONS DISCLOSURE

Emissions disclosure is a significant part of our sustainability disclosures as climate change becomes a growing concern among key stakeholders, with shareholders and potential investors placing more focus on organisations' climate change risk mitigation and strategies on adaptation. As emissions are a direct measurement of an organisation's performance in climate change mitigation, we are thus committed to fully disclose our operational GHG emissions.

Data for emissions generated were obtained by using the relevant emission factors from the Department of Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre. Our carbon footprint is calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the current best practice for corporate or organisational emissions reporting and we measure our emissions in three scopes:

- Scope 1: Direct GHG emissions from sources that are owned such as company vehicles and machinery
- Scope 2: Indirect emissions from purchased electricity
- Scope 3: Indirect emissions from business travel, waste generation and purchased goods



Note: Figures stated in charts may not add up due to rounding up of decimals

To further ensure lower carbon emissions and operational cost, we have in place the Katsana Fleet Management System, which has a Global Positioning System (GPS) that tracks the performance of drivers and vehicles as well as maintenance cost. The system solution is installed in all our lorries, which include lorry cranes, water trucks, tipper trucks, trailers and low loaders. An online video monitoring operation has also been implemented to monitor idle engines, which are a source of carbon emissions.

Benefits of the Katsana Fleet Management System:

- Prevents refuelling and fuel siphoning
- Allows area restriction/geofence
- Enables the monitoring of speed limits
- Enables live GPS tracking
- Enables the recording of operator travel log and route history
- Records fleet violation summary
- Allows data recording of driver's profile and behaviour

In 2020, we began reporting our Carbon Emissions Intensity (CEI) per unit revenue. Our CEI was 98 tonnes CO₂e/RM mil. Moving forward, we will continue to use the CEI as our reporting indicator and aim to establish reduction targets.

PROTECTING BIODIVERSITY

As a key player in the built industry, SunCon acknowledges that while development can have a major impact on biodiversity, it can also boost property value if it is well-managed. With this in mind, SunCon constantly strives to find the equilibrium between building a sustainable society and preserving the environment in our journey towards sustainable living. We are fully aware of the need to protect the natural environment in the areas surrounding our project sites, and as such, we do not operate in areas of high conservation value or biodiversity critical sites.

Prior to the commencement of a construction project, we ensure biodiversity assessments are carried out if required to identify sensitive or high-value flora and fauna species. If the biodiversity value is high, we will comply with the regulations and obtain relevant approvals on biodiversity management before the start of the project. We will continue to monitor and strive to mitigate the impact of our business operations on the environment in moving towards realising the UN Sustainable Development Goals.

SAFETY AND HEALTH

SunCon is committed to upholding the safety, health and welfare of its employees and everyone at and surrounding its workplaces, including the general public and the local communities.

We believe that inculcating good governance for safety, health and welfare at the workplace will bolster the Total Quality Management of our products and further boost the Company's brand value and reputation within the region to greater heights.

We acknowledge that occupational safety and health is a legal requirement governed by the Occupational Safety and Health Act (OSHA) 1994 and Factories and Machinery Act (FMA) 1967. Furthermore, regulatory compliance is vital in ensuring smooth business operations and any non-compliance will expose the Company to legal risk and reputational risk, besides affecting the organisation's credibility among potential clients.

As one of the leading construction companies in Malaysia, we are cognisant of the possible inconvenience and hazards our operations could cause to the public. As such, we prioritise public safety and strive to achieve sustainable safety and health excellence as a common goal across our business operations for our employees, workers and business partners.

POLICIES AND COMMITMENT

SunCon's safety and health practices are guided by its Quality, Environmental, Safety and Health (QESH) Policy, which is communicated to all employees across all levels in the Company. The policy, which is available on SunCon's corporate website, is shared during employee orientation sessions, kick-off meetings with our business partners and through visual communications at strategic locations within the project vicinity.

We comply with and incorporate the following legal requirements into our Standard Operating Procedures (SOPs) and SunCon Minimum Requirements (SCMRs). We will continue to monitor the development of legal requirements and adopt the necessary laws to uphold good safety governance:

- Occupational Safety and Health Act 1994 (OSHA 1994)
- Factories and Machinery Act 1967 (FMA 1967)
- Construction Industry Development Board Act 520 (CIDB Act 520)
- All related requirements.



Staff using the UCUA Telegram chatbot to report hazards at project site via mobile phone

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (OHSMS)

SunCon and its subsidiaries, including **100%** of their workplaces, are ISO 45001/OHSAS 18001 Occupational Health and Safety Management System-certified.

As such, we have put in place a structured performance evaluation process as required by the OHSMS, in particular, the requirement for a management review. To this end, we ensure that a management review is conducted annually and that the overall performance of project sites is presented and discussed before putting forward proposals for improvement, which will be discussed and approved by the top management.

We also carry out internal audits at all project sites as required by the management system. Conducted by trained and competent internal auditors, the audits are carried out in a cross-audit

manner to ensure impartiality, where the summarised outcome is then presented at the annual management review meeting. To further strengthen safety at our project sites, annual external audits are carried out by our certification body at SunCon and all its subsidiaries. In FY2020, SunCon and its subsidiaries completed all the surveillance audits by external auditors with no major non-conformances or breakdowns in management system implementation.

SAFETY AND HEALTH MANAGEMENT STRUCTURES

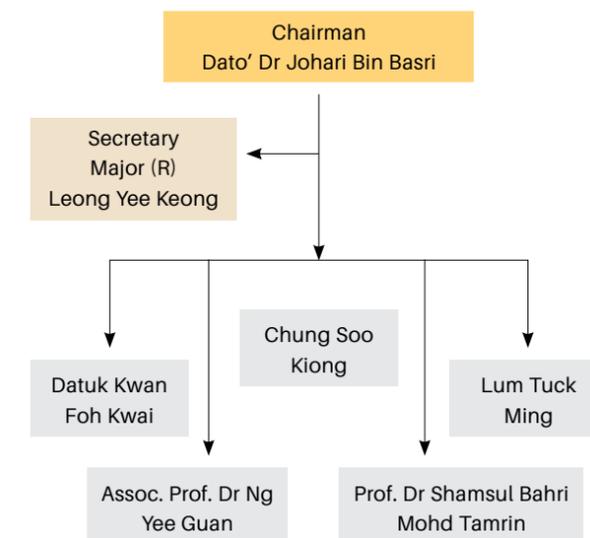
HIGH-LEVEL ENVIRONMENTAL, SAFETY AND HEALTH COUNCIL (HLEC)

SunCon adopts a top-down approach to uphold and embed sustainable safety and health practices in our operations. The High-Level Environmental, Safety and Health Council (HLEC) serves as the highest body governing the development and implementation of environmental, safety and health strategies in SunCon.

Comprising a group of credible individuals, some of whom are subject experts from the industry, the council demonstrates our commitment to placing safety and health as a top priority.

To ensure all Environmental, Safety and Health (ESH) strategies are well-implemented, the council visits worksites regularly and meets three times a year to discuss issues and challenges of ESH within SunCon and the industry. The matters discussed include rising challenges in ESH legal requirements and implementation, corrective and preventive measures with regard to accidents and incidents and strategic directions in safety and health management.

HLEC Structure



Legend :

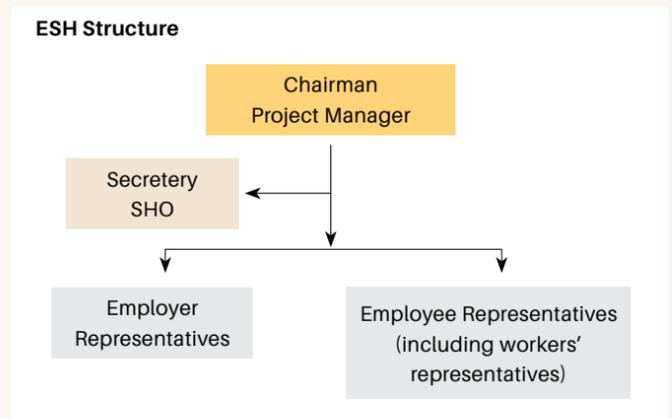
Dato' Dr Johari Bin Basri	Senior Independent Non-Executive Director, Sunway Construction Group Berhad
Major (R) Leong Yee Keong	Head of Department, Environmental Safety and Health (ESH), Sunway Construction Group Berhad
Datuk Kwan Foh Kwai	Former Advisor, Sunway Construction Group
Chung Soo Kiong	Group Managing Director, Sunway Construction Group Berhad
Lum Tuck Ming	Deputy Managing Director, Sunway Property
<ul style="list-style-type: none"> • Prof. Dr Shamsul Bahri Mohd Tamrin • Assoc. Prof. Dr Ng Yee Guan 	Subject experts who advise on SunCon's direction in occupational health and safety

ENVIRONMENTAL, SAFETY AND HEALTH (ESH) COMMITTEE

In compliance with OSHA 1994, the safety and health performance at our project sites is managed by an Environmental, Safety and Health (ESH) committee. OSHA 1994 requires the establishment of an ESH committee should there be more than 40 people employed at a workplace. The regulation also requires the appointment of a Safety and Health Officer (SHO) at projects with a contract sum of more than RM20 million. Thus, we ensure an ESH committee is established at every construction site, which is chaired by the Project Manager while the SHO serves as the Secretary.

The ESH committee comprises appointed employer and employee representatives, including contractors and their workers' representatives. Serving as a platform for participation and consultation with our workers and contractors' workers, the committee meets every month to discuss environmental, safety and health issues such as challenges and training, and formulates strategic action plans after inspections and audits are held at the workplace. The committee is also an avenue for SunCon employees and workers to highlight concerns such as welfare facilities through their representatives at the monthly meetings.

In 2020
220 SunCon staff and 242 employee representatives (including workers' representatives) served on the ESH committees established across 26 project worksites

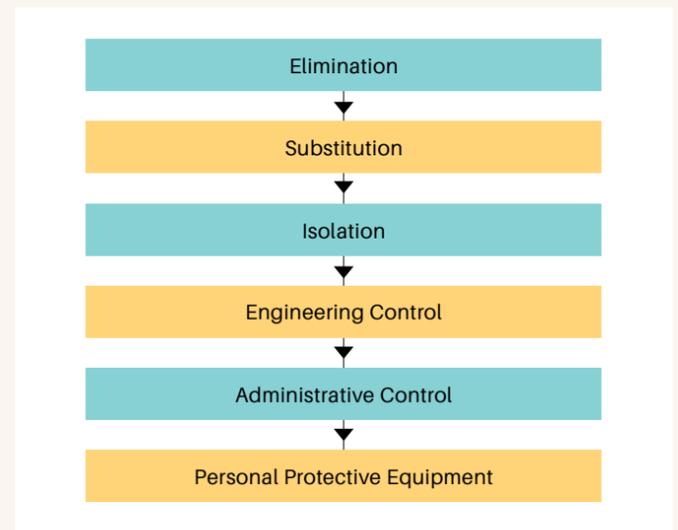


HAZARD IDENTIFICATION, RISK ASSESSMENT AND RISK CONTROL, AND INCIDENT INVESTIGATION

HAZARD IDENTIFICATION, RISK ASSESSMENT AND RISK CONTROL (HIRARC)

Hazard elimination of a particular activity in a construction site is not possible without posing a different risk in the substituted action. For instance, we can substitute working at height for wall brick-laying activity with the use of precast panels, but the lifting of precast panels is a risk itself in the context of lifting activity.

Hence, SunCon ensures all project sites are thoroughly assessed for risks through a structured Hazard Identification, Risk Assessment and Risk Control (HIRARC) process before the commencement of any new operations or construction activities. HIRARC ensures all potential hazards have been identified and that risk levels have been mitigated to a level as low as reasonably possible. The mandatory process assesses the risk of identified hazards through risk matrix and control measures that are determined by the hierarchy of control as shown in the diagram below:



Every control measure that is determined is put in place prior to work commencement to minimise risk. To further ensure all control measures are in place, a Permit-to-Work system is enforced, serving as the final checkpoint for work commencement. This entails a thorough inspection by the worksite's Safety Personnel who inspect the preparation for work and ensure that the required training and Pre-Task Talks have been conducted, in addition to the communication of the risk assessment to the workers involved.

An approved Permit-to-Work is compulsory prior to the commencement of all high-risk activities, which include working at height, lifting, confined space, excavation, hot work, night work, traffic diversion, blasting and concreting. The Permit-to-Work process, from permit application and conditions of approval to validity requirements, is described in our SunCon Minimum Requirement (SCMR) - HIRARC, a standard operating procedure that is strictly enforced at all our project sites. The SCMR also serves as an important guide in the proceedings required for the completion of a HIRARC process, including the critical role of the HIRARC committee, an avenue where workers' representatives are involved and participate in the HIRARC process.

To further strengthen safety at worksites, HIRARC is incorporated as part of our Safe Work Method Statement, an activity-specific SOP that details the work method, resources management and planning and Environmental Aspects and Impacts Assessment. The HIRARC will be reviewed and a risk assessment process will be initiated if there is a change in construction methodology or the occurrence of accidents/incidents.

INCIDENT INVESTIGATION AND REPORTING PROCEDURE

When an accident or incident occurs at a worksite, workers are expected to immediately notify the Person-In-Charge (PIC) of the project site. If it occurs at SunCon headquarters, the Head of Department of Environmental, Safety and Health (HOD-ESH) must be notified immediately. The project PIC shall notify the SunCon Managing Director (MD), the client and the nearest office of the Department of Occupational Safety and Health (DOSH) before reporting to the police within 24 hours. The incident/accident area will be barricaded for investigation and to ensure that it is not accessible to anyone. Investigation is conducted within 48 hours, where information gathered is analysed and examined. Further investigation will be conducted should there be any conflicting information before an Accident Investigation Report is submitted to the PIC, HOD-ESH and the MD. The outcome of the investigation and corrective actions are also reported to the High-Level ESH Council and top management, and shared through various internal platforms such as divisional Project Performance Meetings (PPMs), project site ESH committees and safety alerts via email. For workers, the information is communicated through morning Toolbox meetings, Pre-Task Talks, on-the-job training and visual communications. Any corrective actions undertaken, including the HIRARC process and a change in SOPs if required, will also be shared throughout SunCon.

Goals and Targets

SunCon's corporate ESH objectives and targets are overseen by top management, who determine the overall organisation's ESH performance indicators. Employees at project level are given the ESH performance indicators specific to project performance. To ensure we maintain a consistent ESH standard across the organisation, the KPIs are evaluated at the annual performance review to identify the gaps and key improvements. A monthly ESH inspection is conducted at all project sites to further ensure a check and balance system, besides striving towards the KPI of maintaining an average inspection score of 80% and above. Inspection outcomes are presented to the respective Heads of Division at the monthly Project Performance Meeting, where ESH issues and challenges are discussed extensively by project PICs for best fit solutions.

In FY2020, SunCon's corporate safety and health KPI was further enhanced following a streamlining process in FY2019. There is now more focus on the leading indicators while the lagging indicators, which are mostly incident and accident statistics, are kept in check. Both sets of indicators are designed to support and uphold the key objective of ensuring zero lives lost at all project sites.

Leading indicators:

1. To achieve monthly inspection score of 80% and above;
2. To achieve U-See-U-Act (UCUA) ratio of 750 man-hours to one issuance of UCUA report;
3. To increase internal Non-Conformity Report (NCR) issuance by 15,000 man-hours to one issuance;
4. To increase frequency of Project Site Management ESH Walkabout to bimonthly

Lagging indicators:

1. To achieve a year-on-year Accident Frequency Rate (AFR) below 0.15;
2. To achieve Accident Rate* below 0.55;
3. To achieve three milestones - 5 million, 10 million and 15 million man-hours without loss time accidents - Company-wide

* Accident Rate is also known as Lost Time Incident Rate (LTIR)

STRENGTHENING SAFETY AT WORKSITES

TRAINING AND AWARENESS

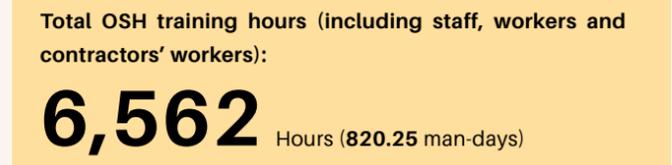


SunCon has identified falling object, working at height and lifting activity as the top three safety issues on-site and rolled out a holistic ESH training strategy in 2019. The SunCon Learning Framework (SLF) continues to be our guide in health and safety training and requires all employees to complete three core training modules:

- Construction Occupational Safety and Health Training (COST)
- Scaffold Awareness Training (SAT)
- Lifting Supervisor (LS).

Aimed at embedding a safety culture, the training modules provide a clear direction for SunCon’s requirements and expectations on ESH values and practices. They also act as a platform for sharing lessons learnt, underlining our approach towards accident prevention and control. Participants are required to attend hands-on training which includes a HIRARC exercise in an actual on-site scenario, scaffold erection and simulations on actual lifting activity. They will also be evaluated through a series of formal and informal assessments, where staff are required to attend the training sessions again if they fail.

Training sessions in FY2020 were unfortunately disrupted due to the COVID-19 pandemic as the programmes require face-to-face interactions to achieve optimum results. However, worksite-related training such as working at height, safe lifting, chemical management and any work-specific ESH training for our workforce, including contractors’ workers, was carried out as and when required in line with our SOPs and regulatory requirements.



Safety and Health Training	Number of Participants
Total number of employees trained on OSH standards	104
Training Programmes:	
• Construction Occupational Safety and Health Training (COST) (1 session)	15
• Scaffold Awareness Training (1 session)	15
• Lifting Supervisor	13

Environmental, Safety and Health (ESH) Campaigns



SunCon embarked on a series of Environmental, Safety and Health (ESH) Campaigns in 2020 to raise awareness about ESH among our employees and clients. The campaigns also served as an engagement platform and an avenue to celebrate our successful partnerships with clients. One of the campaigns, “Raise Your Hand Today for Safety at the Workplace,” organised by the project team at Plot 7MD7, emphasised the safety and health of workers. During the campaign, a fire drill was conducted and workers were presented with new safety equipment as a token of appreciation for upholding ESH at work.

U-SEE-U-ACT (UCUA)

The U-See-U-Act (UCUA) programme aims to foster a predictive safety culture which focuses on the identification of unsafe acts and unsafe conditions at workplaces, eliminating our exposure to potential accidents or incidents. Launched in 2019, the UCUA programme serves as a discussion platform enabling workers to raise their concerns about any unsafe acts and unsafe conditions, and put forward any recommendations for safety improvements.

Fundamentally a Behaviour Based Safety (BBS) programme, UCUA aims to enhance workers’ safety awareness level by promoting behaviour change, which is critical in reducing accidents at site. We believe the UCUA programme will encourage early intervention and minimise the possibility of an incident, ultimately moving us closer to achieving our Lost Time Injury Rate (LTIR) target of less than 0.3 by 2030. In FY2020, UCUA was adopted as part of SunCon’s leading indicators in the Safety and Health performance target. To ensure actions had been taken on all reported UCUA incidents, we embarked on a digitalised tracking mechanism and launched the UCUA ChatBot early this year. Although the UCUA ChatBot was initially meant to simplify UCUA data collection at one of our project sites, it was later enhanced for standardised adoption across all our workplaces to further encourage reporting of unsafe acts and unsafe conditions. Our target is to achieve a ratio of 750 man-hours to one UCUA report.

ENSURING SAFETY DURING COVID-19



The safety of our staff and workers remained our key priority throughout the COVID-19 pandemic. In line with directives from the authorities to curb the spread of COVID-19, we rolled out the SunCon Business Continuity Plan 2 Post MCO (BCP2), which tightened work requirements and procedures to further strengthen safety at headquarters and project worksites during the pandemic. The BCP2 was also extended to our Centralised Labour Quarters (CLQ), as well as workers’ accommodation and transportation provided by our business partners. To further ensure that the BCP2 was fully enforced, we audited 13 project sites that we managed directly, including 30 accommodations for workers and contractors’ workers.

The BCP2 ensured:

- Site workers tested negative for COVID-19 before starting work at our worksites
- Social distancing and stringent hygiene measures among workers and staff in addition to the usual safety protocols

- Daily Health Declaration and temperature screening requirements at entry points to our worksites
- The establishment of work clusters to contain the spread of infection within project worksite and ease contact tracing
- Project managers, including those in the Precast division, presented their workplace-specific business continuity plans to their respective Unit Profit Centre Managers prior to starting work. Pre-start inspections were conducted to ensure all prevention measures were in place before approvals were given to start work.

Targeted virtual town halls were held, such as for HQ-based staff on their roles and responsibilities in preventing COVID-19 at the workplace and for project team members and business partners, deliberating on the BCP2 requirements on-site post-MCO in May 2020. Satellite virtual town halls were also conducted at specific project sites for the SunCon project management team and our business partners.



ENSURING SAFETY DURING COVID-19

Total number of staff who received BCP2 training:

210

(Headquarters)

1,125

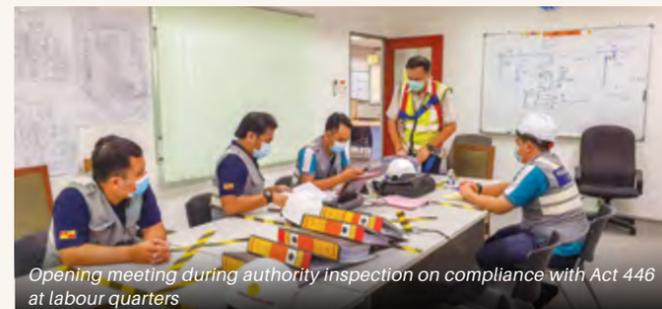
(Worksites)

Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446)

SunCon complies with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446), which was fully enforced by the government in September 2020. Post-MCO, when we discovered that workers' quarters posed a high risk of spreading infection, even into our project worksites, the enforcement of Act 446 was timely to prevent a pandemic outbreak at our premises. As a result, we have embarked on a compliance journey to progressively ensure the safety of all workers' quarters, not just those managed by us. Hence, it is crucial for us to comply with the Act to keep our project sites safe from the virus. We conducted audits and inspections to ensure compliance at our premises including foreign workers' accommodation, the CLQ and workers' accommodation of our business partners. The audit findings were presented in a virtual town hall session with our business partners held in November 2020, where potential challenges and solutions as to COVID-19 prevention at workers' accommodations and compliance with Act 446 were discussed. Our business partners pledged their commitment to improving the living conditions of their workers' accommodations to fully comply with the Act to keep everyone safe.

The Act ensures employers comply with:

- Certification of Accommodation: A Certification of Accommodation must be obtained from the Director General of the Labour Department
- Employer responsibility: Managing the safety and well-being of employees and ensuring they are free from infectious diseases
- Accommodation for foreign workers: Employers must provide housing to foreign workers
- Building-type accommodation: All buildings developed for use as workers' accommodation, whether built in a construction site or sub-divided



Opening meeting during authority inspection on compliance with Act 446 at labour quarters

Navigating COVID-19

Overall, SunCon responded swiftly to mitigate the effects of COVID-19. Our initiatives included:

- BCP 2 training - 210 (HQ staff) and 1,125 (at worksites, including staff, business partners and workers)
- Virtual sessions with business partners - More than 95 sessions across all SunCon project sites
- BCP 2 compliance audit - 13 projects directly managed by SunCon
- BCP 2 and Act 446 Compliance Audit - audited more than 30 workers' accommodations
- More than 12,500 COVID-19 tests conducted on our employees, workers and business partners' workers from June to December 2020.

Staying Committed to Preventing COVID-19



As the world traverses these unprecedented and challenging times, SunCon is committed to keeping abreast of the latest developments and directives from the relevant authorities to ensure our project sites continue to stay protected from the pandemic. We acknowledge that COVID-19 will not only impact our people and those who work with us, but also our business operations if we are forced to close our worksites due to the spread of infection. This will also affect the livelihoods of our people as well as our brand value. Hence, we are working tirelessly with our business partners to ensure we remain compliant and safe. We will continue to monitor the development of the pandemic and strive to mitigate the risks and impacts on our projects, operations, supply chain and the health and safety of our employees.

The COVID-19 pandemic, however, did present an opportunity for us to catalyse digitalisation. Apart from being able to work from home, we launched an e-Health Declaration system, which speeds up the health declaration process.

To learn more about our COVID-19 safety measures, please visit:

<https://www.youtube.com/watch?v=VoHkKeR-olo>

PUBLIC SAFETY



Perimeter protection installed at SMC4, Bandar Sunway

SunCon is fully aware of the risks its construction activities pose to the public and the local community where our projects are. We constantly strive to maintain our record of zero accidents involving the public through sustainable safety and health practices at worksites. We encourage members of the public to reach out to us through SunCon Hotline, which is listed on our corporate website. We are guided by our grievance mechanism's Standard Operating Procedure in responding to feedback and complaints.



Snap a PICTURE and tell us about it

The following plans are among the initiatives undertaken to ensure public safety:

Traffic Management Plan

The Traffic Management Plan ensures hazards and risks arising from road diversions and road closures are identified, controlled and mitigated. Developed in compliance with legal requirements and technical guidelines in relation to road safety, the plan is implemented and monitored by a trained and competent Traffic Management Officer at the worksite.

Lifting Plan

Lifting of materials is a common activity in construction work, but the activity is sometimes held near public roads, possibly causing danger to motorists and pedestrians. To uphold public safety, our SOP requires a comprehensive and approved Lifting Plan to ensure lifting of materials is carried out safely without endangering the public. The Lifting Plan is mandatory prior to commencement of work at all our project sites to maintain zero accidents involving the public.

CRITERIA FOR LIFTING PLANS

1. Detailed calculations of lifting activity
2. Competency of lifting crew (operator, signalman, rigger)
3. Availability of competent lifting supervisor
4. Safe Work Method Statement (including sketch of lifting zone)
5. Crane specification (load charts, working radius and etc.)
6. Crane's Certificate of Fitness
7. Lifting gears certificates
8. Traffic Management Plan (if required)

WORKERS' HEALTH AND WELFARE

Zero Larvae, Zero Dengue

SunCon actively advocates greater awareness about the dangers of dengue, a potentially fatal disease carried by the Aedes mosquito and prone to spread in construction sites. To prevent dengue, we continued to implement our "Zero Larvae, Zero Dengue" programme that is premised on a four-pronged strategy to drive anti-dengue initiatives on-site to protect our workers as well as the community around us. The initiatives are carried out **every day/weekly** in accordance with the following strategy:

Four-Pronged Anti-Dengue Strategy:

- 1 Search and Destroy
- 2 Larviciding and Fogging
- 3 Gotong-Royong
- 4 Anti-dengue awareness and communications

In 2020, we received eight notices from the state health department across 22 project sites despite our continuous efforts to eradicate dengue. We will continue in our efforts by working closely with the health department to bolster our anti-dengue strategy. We will also continue to actively participate in the health department's Communication for Behavioural Impact (COMBI) programme. Our anti-dengue strategies are in line with the COMBI guidelines, and we have received positive feedback from the department.

Further to that, we support the government's initiative to maintain zero indigenous malaria status by sending our workers for a malaria test. We are pleased to report that all 800 workers at our project worksites in Seberang Jaya, Penang tested negative.

provisions such as appropriate Personal Protective Equipment, first aid room, workers' rest areas, temporary sanitation facilities, canteen and labour quarters, among others.

SAFETY AND HEALTH PERFORMANCE



Perimeter protection installed at SMC4, Bandar Sunway

Object falling from height, lifting and working at height are the three safety issues that pose a risk of high-consequence injury at SunCon. Despite safety measures in place, we regret to report that there were two fatal accidents this year which involved object falling from height and worker falling from height. We took the accidents seriously and responded swiftly by implementing strategic safety measures at the affected worksites. We also strengthened our prevention and control of hazards management system with regards to working at height by enhancing our Standard Operating Procedures to strictly establish and enforce the following measures:

- exclusion zones where objects may fall
- fall protection systems specific to work requirements
- retraining workers
- continual awareness
- the use of tool wrist lanyards to prevent accidental release of hand tools that may result in falling objects

In 2019, we recorded a fatality rate of 14.9 (per 100,000 workers) against the national fatality rate of 11.28 (per 100,000 workers) at construction sites. We will continue to strive towards reducing the fatality rates at our worksites.

Fatality Rate in 2019 (per 100,000 workers)

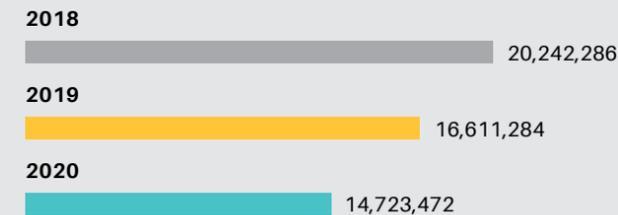


Source: Department of Occupational Safety and Health (DOSH).

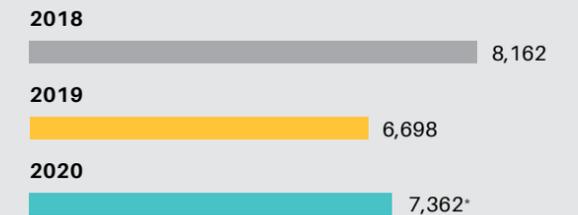
SunCon is continually striving to strengthen safety at worksites to work towards our yearly target of Lost Time Incident Rate (LTIR) less than 0.55 and target to achieve LTIR less than 0.3 by 2030.

OCCUPATIONAL SAFETY AND HEALTH PERFORMANCE DATA¹

Worked Man-Hours



Average Man Worked



* Total working days in 2020 is reduced due to MCO

Fatal Accidents (Work-related employee fatalities and Work-related contractor fatalities)



Lost Time Injury Accidents (LTI)



Total Reportable Cases²

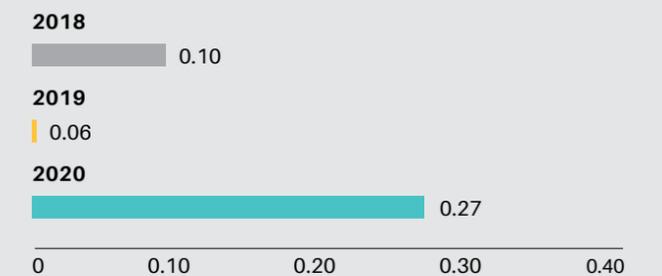


■ 2018 ■ 2019 ■ 2020

Lost Time Incident Rate⁴ (LTIR)/ Accident Rate (AR)



Lost Time Incident Frequency Rate (LTIFR)⁵/ Accident Frequency Rate (AFR)



¹ No workers have been excluded from this disclosure. In SunCon, the accident statistics are reported for the total workforce as a whole, including SunCon employees, workers employed directly under SunCon and contractors' staff and workers. The accident statistics include number and type of accident, and man-hours worked. Data was not collected separately for employees and contractors' employees.

² Reportable cases consist of fatal accidents, lost time injury accidents and dangerous occurrences as stipulated in NADOPOD Regulation 2004.

³ Restated

⁴ Lost Time Incident Rate = (No. of fatal and LTI accidents X 1,000)/Average man worked

⁵ Lost Time Injury Frequency Rate = (No. of fatal and LTI accidents X 1,000,000)/Total worked man-hours

QUALITY MANAGEMENT

SunCon takes pride in everything it does and strives to deliver excellence by ensuring the highest quality, environmental, safety and health standards in its products and services.

SunCon's commitment to excellence is integral to our value creation journey as we strive to uphold quality management to ensure long-term business growth. Safeguarding quality management in our products and services will improve customer satisfaction and lower risk in project delivery while boosting SunCon's market value and reputation, as well as employee well-being and engagement.

In our effort to deliver high-quality products and services, we benchmark all our deliverables against best industry standards, including the Sunway Quality Merit System that is strongly underpinned by our robust Quality, Environmental, Safety and Health (QESH) Management System. QESH also ensures that all our products and services meet the necessary regulatory compliance.

In 2020, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services.

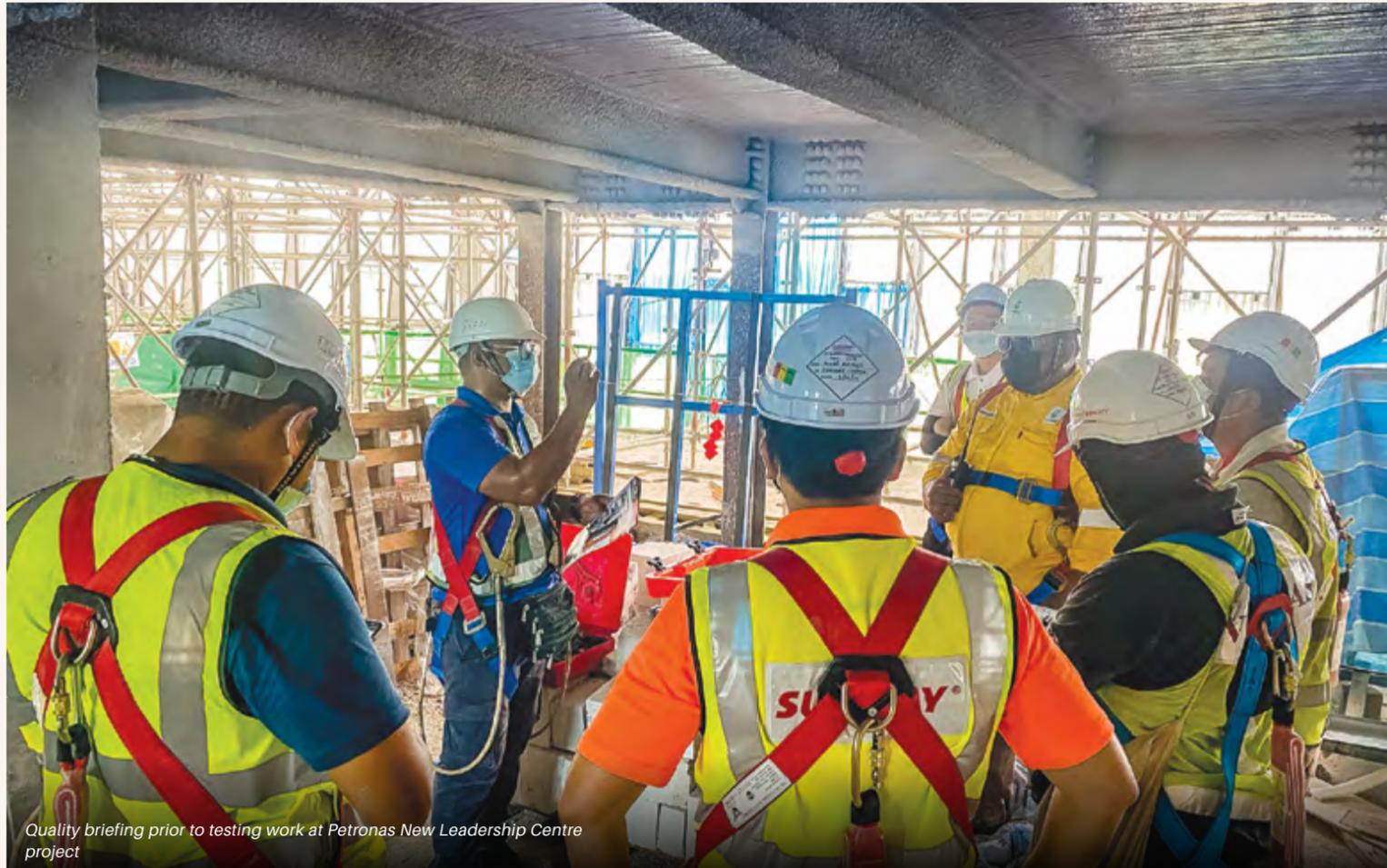
100% OF SUNCON'S PRODUCTS AND SERVICES ARE:

Certified in accordance with the following international standards:

- Environmental Management System Requirements (ISO 14001:2015)
- Occupational Health and Safety Management System Requirements (ISO 45001:2018)
- Quality Management System Requirements (ISO 9001:2015)

Assessed through:

- Client/Consultant Satisfaction Survey (CSS)
- Quality Assessment System in Construction (QLASSIC)
- Sunway Quality Merit System (SQMS)



Quality briefing prior to testing work at Petronas New Leadership Centre project

TOTAL QUALITY MANAGEMENT (TQM)

Total Quality Management (TQM) is an initiative to ensure that the quality of products and services in SunCon is not compromised. Launched in 2010 and headed by a team of credible and well-experienced



Innovation

Creating value and a set benchmark for businesses



Employee

Ensuring total involvement and employee satisfaction



Product and Services

Great passion in ensuring highest standards in products and services

engineers, TQM ensures SunCon's deliverables go beyond meeting customer expectations, underscoring SunCon's commitment to excellence. The initiative encompasses:



Continuous Improvement

Work processes are continuously improved to ensure optimum productivity and to eliminate wastage



Customer

Striving to satisfy customers' needs and expectations



Corporate Social Responsibility

Committed to enriching the community and preserving the environment

CLIENT/CONSULTANT SATISFACTION SURVEY (CSS)



An annual online Client/Consultant Satisfaction Survey (CSS) is conducted to assess customer satisfaction in ensuring continual improvement in our operations and deliverables. The CSS covers:

- Quality of work
- Planning
- Job knowledge
- Timely completion
- Responsiveness
- Resources
- Environmental, Safety and Health
- Communication
- Subcontractor performance
- Overall performance

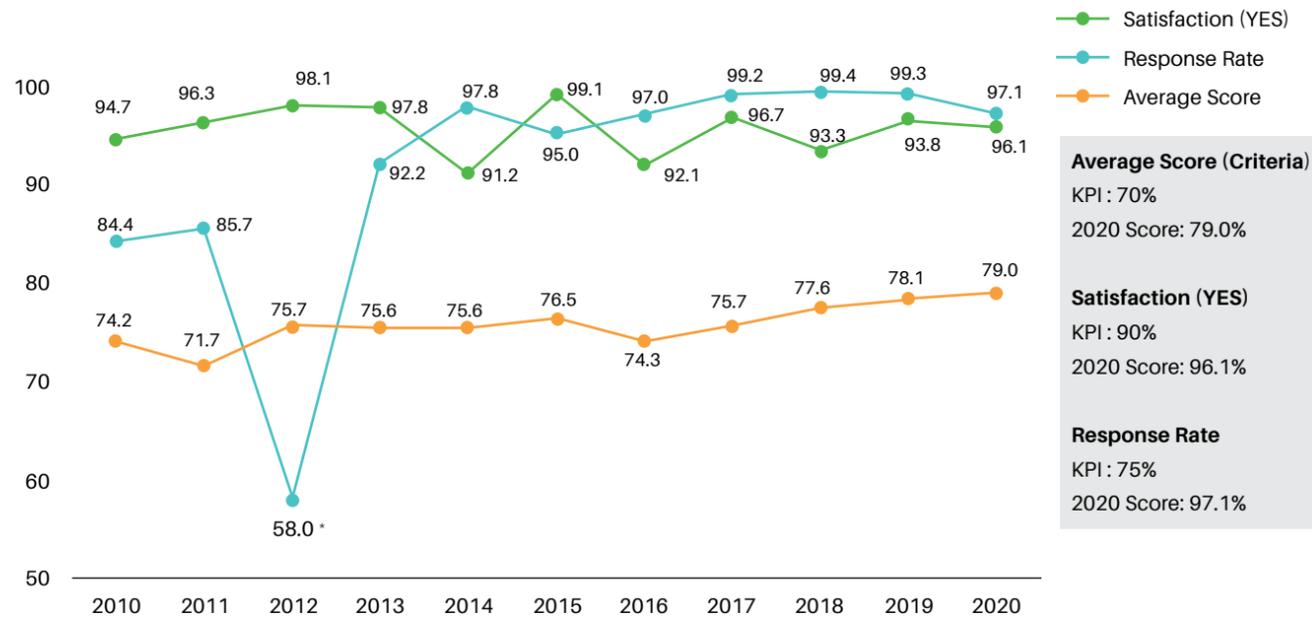
The survey aims to achieve:

- A minimum average score of 70%
- A minimum average score of 90% in the "satisfaction of product and services" category
- A minimum response rate of 75% in the CSS.

In 2020, we recorded

97.1% response rate **79.0%** average score **96.1%** for satisfaction

CLIENT/CONSULTANT SATISFACTION SURVEY YEAR 2020
OVERALL PERFORMANCE - SUNCON GROUP



* The survey received a lower response rate in 2012 as it was carried out over a shorter period

● Satisfaction (YES)
● Response Rate
● Average Score

Average Score (Criteria)
 KPI: 70%
 2020 Score: 79.0%

Satisfaction (YES)
 KPI: 90%
 2020 Score: 96.1%

Response Rate
 KPI: 75%
 2020 Score: 97.1%

QUALITY ASSESSMENT SYSTEM IN CONSTRUCTION (QLASSIC)



The Quality Assessment System in Construction (QLASSIC) programme ensures completed buildings meet industry standards and quality. Carried out by the Construction Industry Development Board (CIDB), the assessment is based on the Construction Industry Standards (CIS 7) to assess the level of quality achieved in completed projects, specifically in products and workmanship. In 2020, there were no QLASSIC assessments for SunCon projects as no building projects were completed and handed over during the year.

SunCon aims to achieve a minimum QLASSIC score of **80%** for relevant SunCon building projects

SUNWAY QUALITY MERIT SYSTEM (SQMS)



Quality workmanship assessment by SQMS team

SunCon goes beyond compliance when it comes to ensuring the quality of its products and services at every stage of construction. To validate its commitment to quality management, SunCon established its own Sunway Quality Merit System (SQMS) in 2014 to ensure systematic measurement of project quality levels. The system is based on the QLASSIC requirements for the measurement of Product Workmanship and ISO 9001 standards that ensure inspection effectiveness and record management.

All SunCon projects are assessed via the SQMS every quarter and the quality performance of the projects is benchmarked against SQMS scores. Projects with high SQMS scores are given due recognition where their good practices are shared across the Company, while the gaps in projects with low scores are identified for immediate improvement. This continuous improvement process of measuring and adopting effective practices helps to boost the organisation's efforts to achieve the highest standards of quality and excellence.

Assessment Categories

The SQMS score of a project is determined based on compliance with the following five main assessment categories:

- Product Workmanship
- Inspection and Test
- Response to Client's Complaints
- Site Arrangement
- Document and Record Management

The Sunway Quality Merit System (SQMS) covers:

- Piling
- Reinforced concreting
- Precast installations
- Steel structures
- Brickwork
- Plastering
- Painting
- Other architectural finishing works

The objectives of SQMS are:

- To benchmark all projects in SunCon
- To measure project quality performance systematically and objectively
- To standardise good practices across all projects in SunCon
- To create better awareness of product quality as per QLASSIC requirements among all staff and subcontractors
- To achieve a minimum 80% QLASSIC score for all relevant SunCon building projects.

CUSTOMER PRIVACY



Customer privacy is considered material to SunCon amid growing risks of cyber threats, as data privacy is crucial to ensure smooth business operations. Robust measures to safeguard data privacy are necessary as any compromise in its integrity could lead to a leak or loss of customer data and even financial loss, potentially disrupting critical business processes and damaging the Company's reputation. In 2020, there were no substantiated complaints concerning breaches of customer privacy, theft, leak and loss of customer data or critical information.

We comply with the Personal Data Protection Act 2010 and Sunway Berhad's Group-wide information security policy, Sunway Information Security Policies, which was developed in accordance with ISO/IEC 27001 (2013) standards. Both policies are available on SunCon's corporate website as we strive to honour all non-disclosure requests and ensure business dealings with customers are kept private and confidential.



Live cloud-based reporting of actual TNB HQ Campus site progress against the planned schedule

INNOVATION



Petronas New Leadership Centre model simulation from start to finish based on the construction schedule

IMPROVING CONSTRUCTION SUSTAINABILITY WITH TECHNOLOGY

SunCon continues to invest in cutting-edge Virtual Design & Construction (VDC) technology, having invested RM40 million since 2010 to enable better coordination, effectiveness and efficiency of the entire construction process. SunCon has established a VDC roadmap that provides guidance in incorporating innovation into our construction workflow.

In 2010, SunCon was the first company in Malaysia to integrate the technology into construction processes. SunCon now embraces 3D (design), 4D (time), 5D (costing), 6D (facility management) and 7D (green) disciplines for project life cycle management to ensure seamless transfer of information and data between project partners.

Every step of the VDC process improves the efficiency of a project via time being saved, a reduction in mistakes and the elimination of rework, while also enhancing constructability. The quantifiable savings and benefits to the construction workflow positively impact the construction life cycle, significantly improving the overall sustainability of our operations and beyond.

This is because upon completion of a project, we hand over a wealth of operational information acquired throughout the construction process which the building owner can then use to improve their ability to operate the building at its maximum potential. VDC is thus an important tool for us to support the entire philosophy of sustainable construction as it also incorporates the long-term maintenance and operation of the completed facility. For other areas of our operations, we have implemented e-invoicing and e-bidding, which have eliminated the use of paper in our work processes.

ENHANCING DIGITAL TRANSFORMATION

At SunCon, innovation and technology go beyond the construction stage, where we strive to provide enhanced digital services to our clients. Our Digital Transformation Team (DTT) is currently working closely with Sunway University and Sunway PFM Sdn. Bhd. to design, develop, test and deploy a cloud-based Facility-Management (FM)

solution. Having completed the biggest Building Information Modelling-FM (BIM-FM) in 2019, we believe centralising data storage of assets and space conditions in buildings will catalyse the application of Artificial Intelligence (AI) in energy, space and traffic optimisation as we seek to provide BIM-FM to our clients in future.

The DTT is part of the bigger VDC department, set up in 2020 to identify tedious, repetitive and critical processes that can be digitalised, leveraging technology to solve problems and simplify various office and site operations, allowing seamless integration between stakeholders.

Within a year of its inception, DTT has successfully, with various supporting departments:



- Moving forward, the team will:
- Focus on creatively using technology solutions to solve problems that have plagued the industry for years
 - Focus on applying machine learning and Artificial Intelligence algorithms to BIM modelling and other data that we have obtained from various business processes
 - Continuously collaborate with universities, stakeholders and other industry players to drive and champion Industry Revolution 4.0 in the construction industry.

Please refer to Centre of Excellence on pages 62 to 63 in Our Performance Review to read more about our initiatives in innovation and technology.

HUMAN CAPITAL DEVELOPMENT

SunCon acknowledges the significance of human capital development in sustainable business growth and cultivates a conducive work environment to attract and retain the best talent, inculcating a high-performance culture to deliver excellence.

SunCon's employees are an important asset to the organisation as they strive to deliver excellence to contribute to our business growth. We safeguard the morale of our people by ensuring that the needs of our employees are met and that their professional and personal aspirations are nurtured through continual learning and development. To ensure the well-being of our employees, more than 40% of value generated from the Group is channelled back to our employees through salaries and other benefits. With robust initiatives and fair employment practices, we believe we will develop a resilient workforce as we progress towards being a leading regional construction and engineering group.

TALENT RETENTION

Employee engagement is integral to SunCon's sustainability journey as it improves productivity and work quality, besides helping to retain talent and ensuring a high-performance workforce. We take employee engagement seriously as we constantly strive to improve employee management through compliance and robust policies and initiatives to ensure the needs and well-being of our people are taken care of. Our aim is to attract and nurture a talented and progressive workforce for the digital era as we uphold our responsibility as a corporate citizen and aspire to be an integrated, dynamic and reliable leader in the civil construction sector.

Apart from being our key asset, our employees are a source of pride for us because they demonstrate loyalty, capability, empowerment and unity, guided by our corporate vision and core values. Hence, we strive to retain our talent and remain competitive in the industry by going beyond providing monthly wages and a minimum benefits package. Our salary structure and staff benefits are reviewed regularly through benchmarking against industry best practices.



SunCon ensures equal opportunities and treatment across our workforce when it comes to employment, rewards, remuneration and recognition

THE MAIN BENEFITS PROVIDED TO ALL EMPLOYEES INCLUDE:

Insurance coverage: Life insurance, medical insurance, group personal accident and group term life insurance

Healthcare: Executive health screening (129 employees went for health screening in 2020), dental and optical

Parental Leave: 3 days paternity leave, 60 days maternity leave

Others: Special leave, tuition fees discounts and refunds, staff property discounts and etc

effectiveness and efficiency. We aim to gather feedback on 15 dimensions, including Company Leadership, Diversity & Inclusion, Work/Life Balance, Career Development and Rewards & Recognition. The data gathered is analysed to address the areas that need improvement through focus group discussions with the targeted group of employees to understand their dissatisfaction and improve current practices.

The last EES was conducted in 2019, which involved 1,257* employees. Our next survey will be held in 2022.

* Figure restated



Distribution of stationery to indigenous folk at Kampung Orang Asli Hulu Kuang, Selangor

EMPLOYEE WELL-BEING

SunCon is committed to ensuring the well-being of our employees by striving to create a harmonious work environment. As a dedicated employer, we are devoted to providing a safe, comfortable and conducive working environment with facilities to enable work-life balance among employees.

To encourage internal social interaction, we established the SunCon Social Club (SSC) as an avenue for employees to participate in inter-departmental social activities, in addition to encouraging employee volunteerism. Apart from adding fun and healthy activities at work that include outdoor activities and trips, it also instils a culture that values and supports employee engagement internally, reflecting SunCon's corporate responsibility. This year, SSC reached out to the communities that were impacted by the COVID-19 pandemic through philanthropic partnerships with local non-governmental organisations to mitigate the impacts of the pandemic.

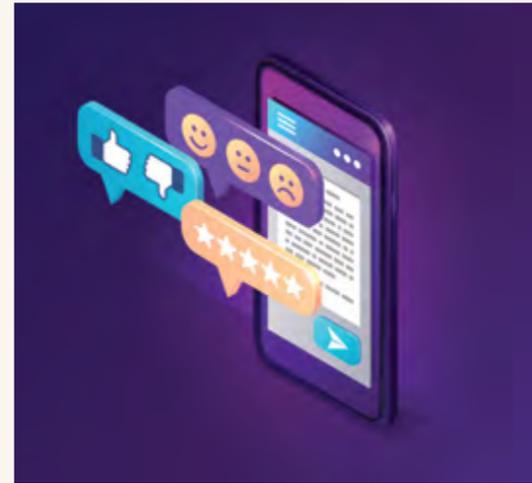
Please turn to page 98 to read more about SunCon's Community Engagement.

ZERO HUMAN RIGHTS VIOLATIONS

SunCon strictly adheres to Malaysia's Employment Act 1955 as well as the labour principles of the International Labour Organization and prohibits child labour and forced or compulsory labour in our operations. Due to our strong stance on respecting human rights, consistent with relevant national laws as well as the United Nations Guiding Principles on Business and Human Rights, we successfully achieved zero incidents of human rights violations in all the places in which we operated in 2020.

EMPLOYEE ENGAGEMENT SURVEY

To ensure holistic employee engagement, SunCon conducts a biennial Employee Engagement Survey (EES) to gather feedback from employees to better understand and improve the organisation's

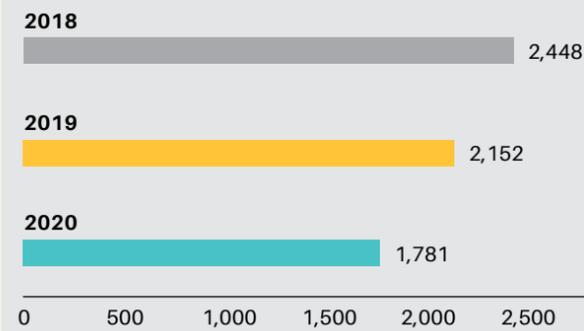


GRIEVANCE MECHANISM

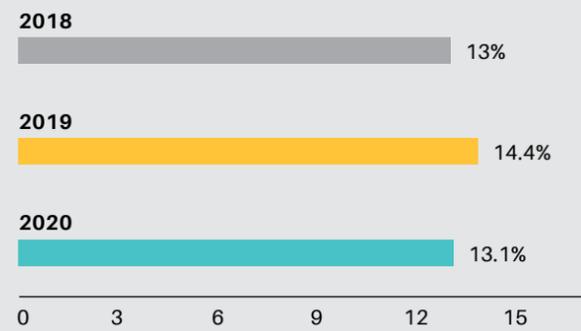
We ensure our employees' grievances are heard and addressed through the Group's Sunway Employee Grievance Policy. The robust policy ensures all grievances are resolved promptly, fairly and in the best interests of all parties involved. The policy also allows employees to escalate their concerns or complaints to their Head of Department and the Human Resources Department should the issue not be resolved satisfactorily at the immediate superior level.

Employees and managers are expected to ensure proper attempts have been made to resolve any grievances through informal means and, where appropriate, through mediation, before escalating the matter to the formal stages of the grievance procedure. While the policy serves as a platform for employees to provide feedback on grievances and sexual harassment, both of which the Company takes very seriously, we are pleased to note that there were zero incidents of discrimination in 2020.

Total Number of Employees



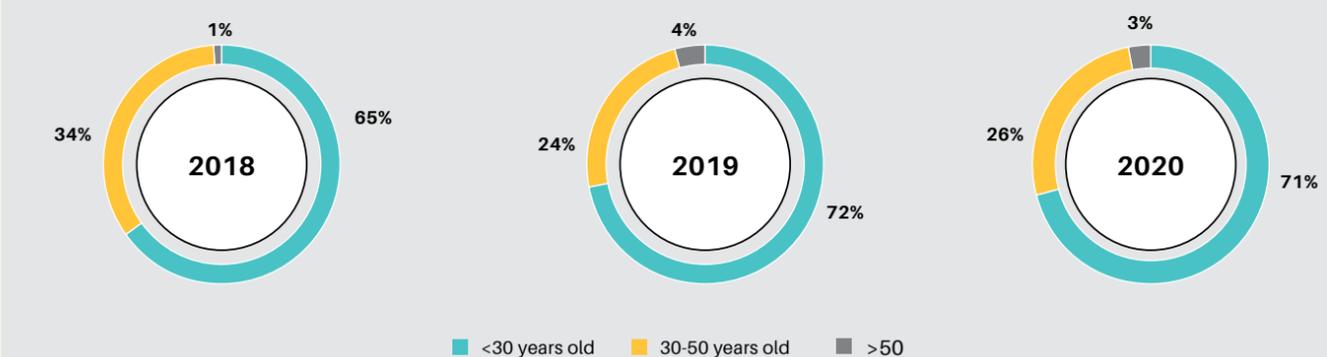
Attrition Rate



New Hire Rates by Gender

Year	2020		2019		2018	
	Male	Female	Male	Female	Male	Female
New Hire Rates	93%	7%	91%	9%	93%	7%

New Hire Rates by Age Group



CAPACITY BUILDING



Capacity building remains a key component of our human capital development to future-proof our workforce, ensuring our people remain relevant and competent in the industry. SunCon is committed to continually investing in employees' training needs to equip its workforce with the latest professional skills and knowledge. We recognise that continuous improvement in employees' qualifications will help to increase our competitiveness and thus adopt the role of a learning organisation to encourage our employees to pursue their career advancement through training and development. To ensure effective capacity building, all training provided caters to and is customised to each individual's career advancement needs, ensuring structured career paths to boost employees' progression in the organisation. Additionally, our Quality, Environment, Safety and Health (QESH) Policy ensures that all staff are effective, efficient and consistent in the performance of their duties and responsibilities by providing the requisite leadership, training, support and motivation.

In 2020, we clocked

28,354

total training hours

15.92

average hours per employee
(including non-executives)

We invested

RM289,186

in training and
development in 2020

SunCon invests in development programmes that promote employee advancement to meet its business needs by rolling out programmes through a three-pronged approach, as shown below:

- On-the-job training (70%)
- Coaching & mentoring (20%)
- Training focusing on technical or functional skills & managerial capability and knowledge (10%)

To improve our training and development, employees are required to complete a programme evaluation form to evaluate the effectiveness of the programmes they have attended and whether the programmes have fulfilled their learning objectives.

OUR TRAINING AND DEVELOPMENT PROGRAMMES INCLUDE:

Leadership Training <ul style="list-style-type: none"> • 7 Habits of Highly Effective People • First-Time Manager • CAL Leadership Conferences & Forum 	Virtual Design & Construction <ul style="list-style-type: none"> • REVIT Modelling Familiarisation Training • BIM Standard PAS 1192 Competency Training • BIM Design Management Training 	Quality Assurance <ul style="list-style-type: none"> • ISO 9001 Management System Training • QLASSIC Assessor Competency Training • QLASSIC Awareness Training 	Environmental, Safety & Health (ESH) <ul style="list-style-type: none"> • ISO 14001 & ISO 45001 Management System Training • Lifting Supervisor Competency Training • Construction Occupational Safety & Health Training (COST) • Any other job function-related training
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Apart from structured learning and development, SunCon's employees are also encouraged to discuss their career aspirations with their superiors to better align their career paths, ultimately improving their work performance. Employees who wish to pursue their studies also receive sponsorships from the Company, which cover diploma, tertiary, professional and postgraduate qualifications. Knowledge sharing is encouraged within the organisation, where our management staff and subject matter experts are trained as internal trainers to communicate their knowledge to the rest of their teams.

DIVERSITY AND INCLUSIVENESS



SunCon focuses on empowering its people by creating an inclusive and engaging work environment for them. Recognising and embracing the diversity of our people will not only enable us to create a diverse workforce that can generate different ideas and perspectives; the various backgrounds and experiences will also foster greater innovation as well as better problem-solving and decision-making skills.

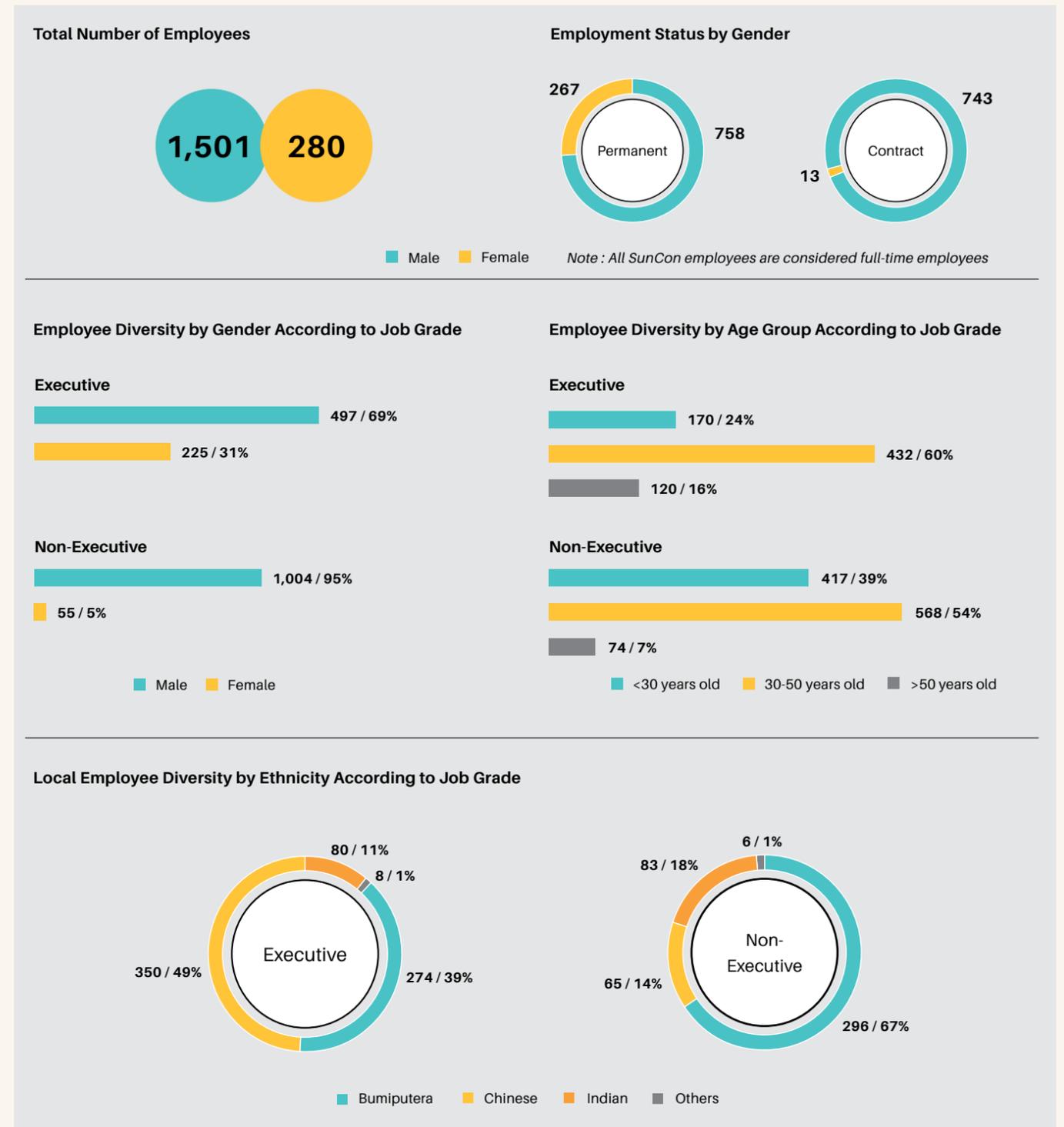
SDG 8 - Decent Work and Economic Growth



SunCon ensures that all its employees are paid equally for their work without discriminating against their demographic background or disability, in line with SDG 8's target of achieving full and productive employment, and decent work, for women and men with equal pay for work of equal value.

We do not discriminate against any demographic background including gender, age, ethnicity (nationality and religion), sexual orientation and disability, as we ensure equal opportunities and treatment across our workforce when it comes to employment, rewards, remuneration and recognition. This is in line with the Group's Code of Conduct that ensures our people are hired based on credibility and suitability for the job role. We also comply with the Group's Diversity and Inclusion Policy that is underpinned by the core values of Integrity, Humility and Excellence, which we strenuously practise and uphold across our business operations. This policy aims to encourage respect for and valuing each other's differences to promote collaboration, flexibility, equality and fairness.

In 2020, there were no cases of discrimination and we target to maintain the status of zero cases of discrimination. We support local employment and recorded 100% local senior management in our organisation.



COMMUNITY ENGAGEMENT



SunCon is committed to

UN SDG

in its effort to enrich lives for a better tomorrow

In FY2020, SunCon contributed

RM594,360

to community engagement

SunCon is committed to enriching lives for a better tomorrow as we strive to improve the lives of the communities surrounding us in the pursuit of sustainable development.

In our aspiration to be Asia's model corporation in sustainable development, we acknowledge that construction activities can cause potential disruptions to the communities in the areas in which we operate, and result in negative publicity that could affect the Company's reputation, branding and project completion. Hence, we adopt a proactive approach by actively engaging with the local communities to not only gain feedback but also to create opportunities to enhance their living conditions and contribute towards enrichment programmes for community development.

ENRICHING LIVES FOR A BETTER TOMORROW

Construction projects are a catalyst for change in the local community as they generate positive economic impact by providing employment opportunities to the locals and enhancing lifestyles. For instance, the construction of infrastructural projects such as the MRT and LRT has indirectly helped improve the livelihoods of the local communities.

SunCon is committed to giving back and enriching the lives of the communities around us, as we hold true to SunCon's sustainability pillar of building community resilience. We ensure that we meet public expectations by striving to provide timely feedback solutions to the local communities during our construction project phase as well as executing safe construction practices at all times.

SunCon continuously engages with the general public and local communities where we operate to better understand their concerns and refine our project planning and construction approach accordingly. We engage with the local communities through the Complaint Management System (CMS) for our LRT3 and MRTV201 projects. Any issues arising from the grievance mechanism are managed effectively by our dedicated Public Relations and project team members to ensure practical and satisfactory solutions for both parties. All feedback received is managed and rectified within a stipulated time.

In FY2020, we continued to hold dialogues with the local communities, engage in town halls and practise mail drops for LRT3 and MRTV201 projects and public areas around our project sites. We also contributed to public and private funds and enriched the lives of the vulnerable and marginalised through community programmes organised by the SunCon Social Club Committee, a platform for employee volunteerism comprising 19 members. The SunCon Social Club (SSC) was established to encourage employee engagement through social platforms that promote employee volunteerism while also benefitting society.

We engage with the general public through:

Hotline

Phone numbers are displayed at the project site entrance, on hoardings surrounding the project and SunCon's corporate website.

Dialogues and announcements

Dialogues are held with members of the public while announcements are made through mail drops and radio.

Town hall

Town hall sessions are usually held before project commencement to notify the local community about the project.

Social media

LinkedIn and Instagram are used to reach out to the public.

Corporate website

SunCon's company information, which is available on the corporate website, serves as a platform to obtain feedback and allow public enquiry.

Amid the COVID-19 pandemic, SunCon reached out to the communities who were impacted by the health crisis by contributing cash and essentials. Apart from contributing RM250,000 to the National Disaster Relief Fund, we also donated RM3,000 to senior citizens and orphans through the Klang Market Stall Holders Association as well as RM30,000 to the Sanatan Dharam Sabha Building fund for the construction of a meditation pavilion, multipurpose hall and prayer hall.

Additionally, we collaborated with local NGOs to donate essentials to 55 families from the Temuan and Semai tribes at Kampung Orang Asli Hulu Kuang in Selangor and contributed RM280,000 to the Jeffrey Cheah Foundation to purchase laptops to support the foundation's aim of ensuring quality education.



Sunway Big Box Hotel, Johor Bahru

PROFILE OF BOARD OF DIRECTORS



Dato' Ir Goh Chye Koon Chung Soo Kiong Dato' Dr Johari Bin Basri Dato' Siow Kim Lun Dr Sarinder Kumari A/P Oam Parkash



Tan Sri Dato' (Dr) Chew Chee Kin Evan Cheah Yean Shin Liew Kok Wing (Alternate Director to Chung Soo Kiong)

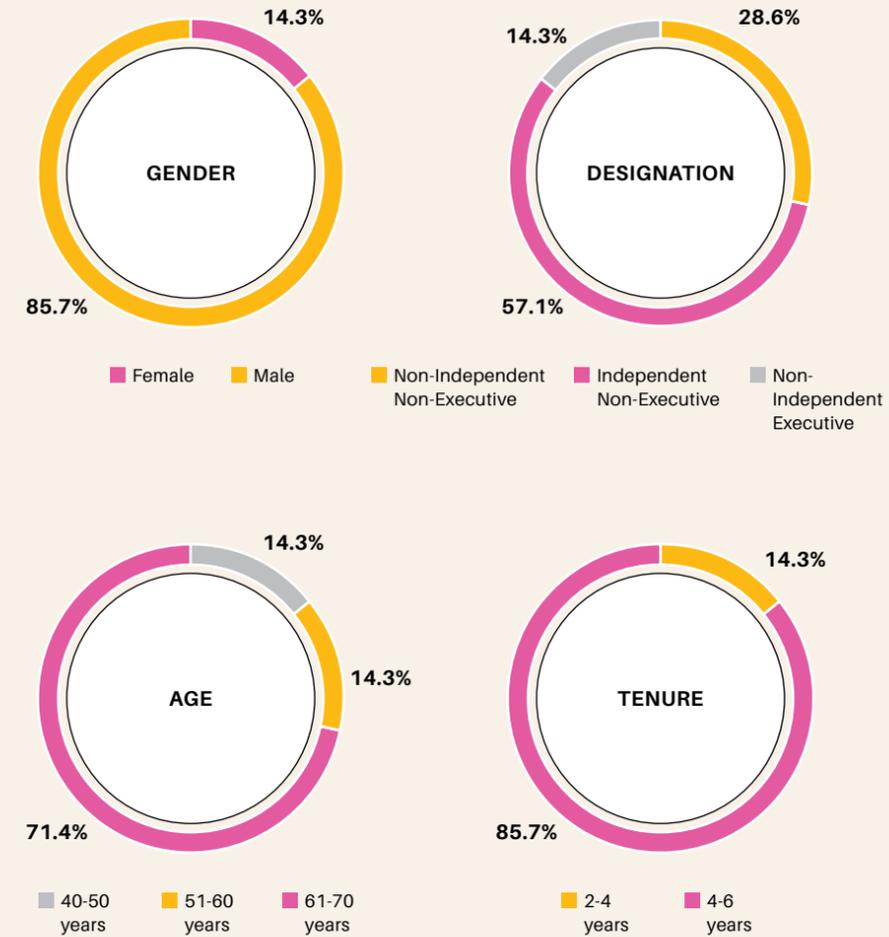
ORGANISATION STRUCTURE



LEGEND

- RMC** Risk Management Committee
- AC** Audit Committee
- NRC** Nomination and Remuneration Committee

OUR BOARD



BOARD SKILLS

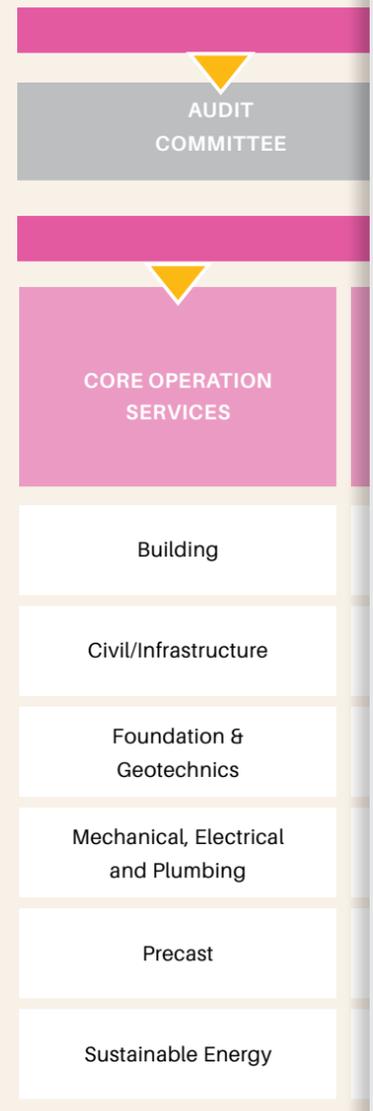
- EN** Engineering
- C** Civil
- IE** Industry Experience
- FA** Finance/Audit
- CPD** Corporate Planning and Development
- EC** Economics
- IT** Information Technology
- CM** Commercial/Marketing
- O** Operations
- HR** Human Resource

PROFILE OF BOARD OF DIRECTORS



Dato' Ir Goh Chye Koon Chung Soo Kiong

ORGANISATION STRUCTURE



LEGEND
RMC Risk Management Committee
AC



**DATO' IR GOH
CHYE KOON**

Chairman & Independent
Non-Executive Director

**DATE APPOINTED TO THE
BOARD**
17 October 2014

YEARS OF DIRECTORSHIP
6.5 years

QUALIFICATIONS

- Bachelor of Engineering (Hons) degree in Civil Engineering from the University of Malaya
- Professional Engineer (P.Eng) and a Member of the Institution of Engineers Malaysia (MIEM)

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS**

Nil

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

EN C IE CM O

Dato' Ir Goh began his career as an engineer in the Ministry of Works, where he served for 11 years rising to the position of Superintending Engineer prior to joining IJM Corporation Berhad as a Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and subsequently appointed as Alternate Director in 1995 before assuming the position of Deputy Group Managing Director in 1997. He was redesignated Deputy Chief Executive Officer and Deputy Managing Director in 2004 and upon his retirement in 2008, Dato' Ir Goh continued to serve as Executive Director of IJM Corporation Berhad until June 2009 and thereafter Non-Executive Director from July 2009 until June 2013.

He was a member of the Presidential Consultative Council of the Board of Engineers Malaysia (2002 - 2004) and also a member of the Construction Consultative Panel of Malaysia Productivity Corporation (2003 - 2009). He was the Chairman of the Building Industry Presidents' Council and President of the Master Builders Association Malaysia for the session 2004/2006 and has served as its Deputy President, Vice President and Deputy Secretary General.

Dato' Ir Goh was a board member of the Construction Industry Development Board Malaysia (CIDB) from 2004 to 2006 and served as a Main Committee Member (2001 - 2009) and Chairman of the Working Group for construction projects (Local and Foreign) (2003 - 2009) in the Construction Industry Master Plan of CIDB.

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RMC

Member

AC

Member

NRC

Member



**CHUNG SOO
KIONG**

Group Managing Director
& Non-Independent
Executive Director

**DATE APPOINTED TO THE
BOARD**
1 November 2015

YEARS OF DIRECTORSHIP
5.5 years

QUALIFICATIONS

- Bachelor of Science (Hons) Degree in Quantity Surveying from the University of Abertay Dundee
- Diploma in Building (Technology) from Tunku Abdul Rahman College

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS**

Nil

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

EN IE CM O

Mr Chung began his career with TAISEI Corporation in 1990 where over a period of seven years he rose to the position of Section Manager - Quantity Surveying. In 1997, he joined Sunway Construction Sdn Bhd and served as the Contract Manager of Business Development & Marketing Department. Thereafter, Mr Chung acted as the Country Manager/Project Director of Sunway Innopave Sdn Bhd (Abu Dhabi Branch) for the period from 2007 to 2013.

After his stint in Abu Dhabi, Mr Chung took up the role of Deputy Managing Director of Sunway Construction Sdn Bhd since 2013 before he was promoted to the position as Managing Director of the Company in November 2015. He was further promoted to Group Managing Director of the Company in January 2020. Mr Chung has over 20 years of experience in the construction sector.

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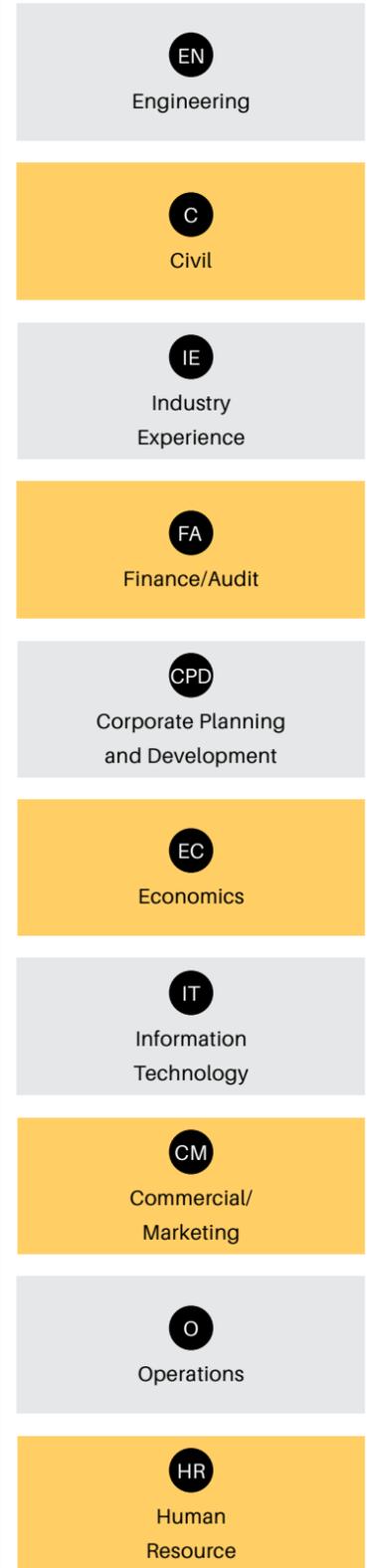


RMC

AC

NRC

BOARD SKILLS



PROFILE OF BOARD OF DIRECTORS



Dato' Ir Goh Chye Koon Chung Soo



**DATO' DR
JOHARI BIN BASRI**

Senior Independent
Non-Executive Director

DATE APPOINTED TO THE BOARD
17 October 2014

YEARS OF DIRECTORSHIP
6.5 years

QUALIFICATIONS

- Ph.D. in Process Safety from the University of Sheffield, United Kingdom
- MSc. in Terotechnology from Manchester University, United Kingdom
- Bachelor of Engineering in Mechanical Engineering from University Technology Malaysia
- Associate Fellow of The Institution of Chemical Engineer (U.K.)
- Life member of The Malaysian Society for Occupational Safety and Health (MSOSH)

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS

Nil

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

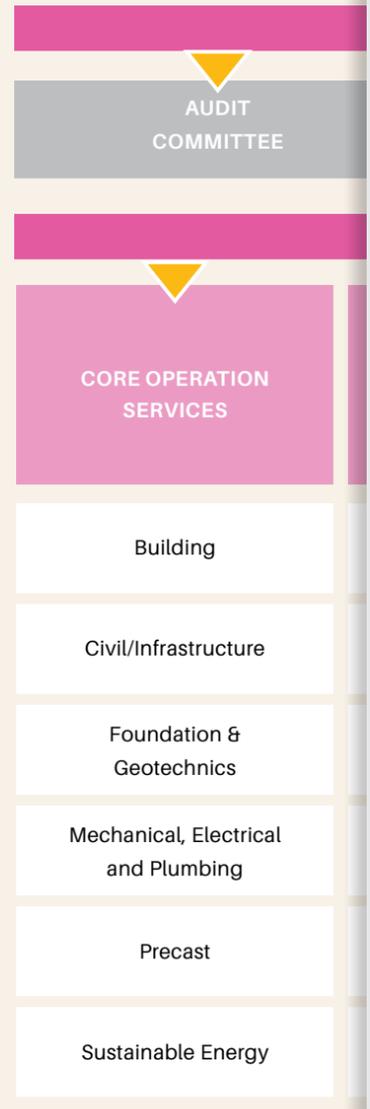


Dato' Dr Johari joined the Factories and Machinery Department of Malaysia, which is now known as Department of Occupational Safety and Health ("DOSH"), as a Factories and Machinery Inspector (Engineer) in 1977. He was then promoted as Director of Industrial Safety Division of DOSH in 1997.

In 2000 and 2004, Dato' Dr Johari was seconded from DOSH to be the Executive Director of National Institute of Occupational Safety and Health ("NIOSH") Malaysia. He was the Executive Director of NIOSH Malaysia for years 2000 - 2002 and 2004 - 2007. In between that period, he returned to DOSH and assumed the role of Director General where he was responsible for the overall planning and implementation of the core activities of DOSH. Concurrently during his tenure in NIOSH Malaysia from 2004 to 2007, he was the Executive Director of ASEAN-OSHNET, the regional grouping of 10 ASEAN member countries working together towards improving the safety and health of the workers. In 2007, he returned to DOSH to resume the role of Director General until his retirement in June 2014.

Dato' Dr Johari was also a member of the board of directors of NIOSH (2007 - 2014), board of member of CIDB (2007 - 2014), Chairman for the Industrial Standard Committee of Occupational Safety and Health (ISCW) SIRIM Berhad (2007 - 2014) and Member for Malaysian National Standards Committees (MyNSC) Standards Malaysia (2007 - 2014).

ORGANISATION STRUCTURE



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RMC
Member

AC
Member

NRC
Chairman

LEGEND

RMC Risk Management Committee AC

**DATO'
SIOW KIM LUN**

Independent
Non-Executive Director

DATE APPOINTED TO THE BOARD
17 October 2014

YEARS OF DIRECTORSHIP
6.5 years

QUALIFICATIONS

- Master in Business Administration from the Catholic University of Leuven, Belgium
- Bachelor of Economics (Hons) degree from Universiti Kebangsaan Malaysia
- Advanced Management Program at the Harvard Business School

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS

- EITA Resources Berhad
- Eco World International Berhad
- Radiant Globaltech Berhad
- RHB Investment Bank Berhad

SKILLS, WORKING EXPERIENCE AND EXPERTISE:



Dato' Siow has over 30 years of working experience in investment banking, corporate finance and regulatory oversight of the Malaysian Capital Market.

He began his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981. From 1985 to 1993, he was with Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) first as a manager and later as the Divisional Head of its Corporate Finance Division. Between 1993 and 2006, he was with the Securities Commission Malaysia ("SC") and has served in several positions at the SC including that of the Director of its Issues and Investment Division and the Director of its Market Supervision Division. He has also served as a director of MainStreet Advisers Sdn Bhd, a licensed corporate finance advisory firm, from 2008 to 2019.



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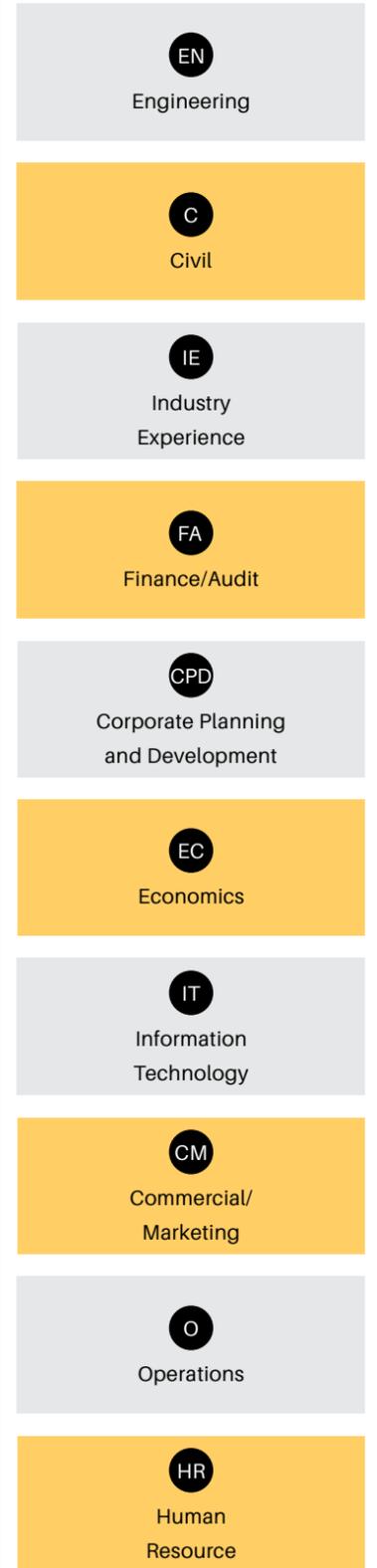


RMC
Member

AC
Chairman

NRC
Member

BOARD SKILLS

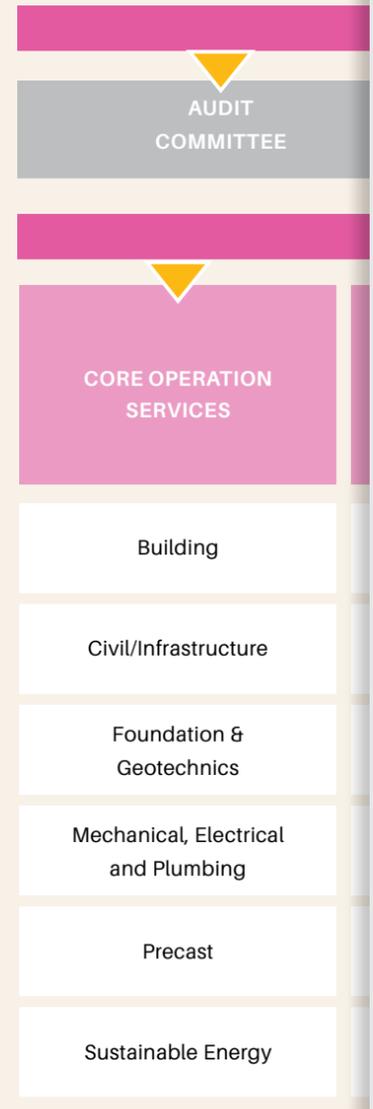


PROFILE OF BOARD OF DIRECTORS



Dato' Ir Goh Chye Koon Chung Soo

ORGANISATION STRUCTURE



LEGEND
RMC Risk Management Committee
AC



**DR SARINDER
KUMARI A/P
OAM PARKASH**
Independent
Non-Executive Director

DATE APPOINTED TO THE BOARD
1 March 2018

YEARS OF DIRECTORSHIP
3.1 years

QUALIFICATIONS

- Ph.D. in Financial Economics from University Putra Malaysia
- Masters in Economics from George Washington University

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS**

Nil

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

CPD EC CM

Dr Sarinder has over 30 years of experience in policy and strategic planning, trade negotiations, regulatory and Government affairs. She has previously served as Principal Assistant Secretary with the Ministry of Finance Malaysia (MOF); Senior Director, Ministry of International Trade and Industry Malaysia (MITI); Director, for the Performance Management and Delivery Unit (PEMANDU) under the Prime Minister's Department Malaysia; and Executive Vice-President and Partner for Pemandu Associates, a business management consultancy.

In MOF, she was involved in the raising of Federal Government loans from the international capital and bond markets, debt management and privatization projects. Her portfolio in MITI included the World Trade Organisation (WTO), Strategic Planning and Free Trade Agreements (FTAs) Policy and Negotiations. She was also the lead negotiator for Services for Malaysia's first Bilateral FTA.

In PEMANDU, she provided strategic direction on the planning and implementation of the Tourism-related initiatives under Malaysia's National Transformation Programme. She was also responsible for the Strategic Reform Initiative encompassing the Competition Act, Adoption and Development of International Standards and the Liberalisation of Services. She developed the performance assessment and management system for the performance assessment of all Ministers by the Prime Minister.

In Pemandu Associates, she worked with Governments and businesses on strategy formulation and effective implementation to meet national and business objectives. This entailed working with both internal and external stakeholders to ensure both timely and effective policy and strategy execution for the delivery of tangible results.

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RMC

Chairperson

AC

Member

NRC

Member



**TAN SRI DATO'
(DR) CHEW
CHEE KIN**
Non-Independent
Non-Executive Director

DATE APPOINTED TO THE BOARD
17 October 2014

YEARS OF DIRECTORSHIP
6.5 years

QUALIFICATIONS

- Bachelor of Economics (Hons) Degree from the University of Malaya
- Program in Management Development at Harvard Business School

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
AND LISTED ISSUERS**

- Sunway Berhad
- Gopeng Berhad

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

CPD EC IT CM O HR

Tan Sri Dato' (Dr) Chew started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd.

He joined the Sunway Group in 1981 as the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) of the Sunway Holdings Berhad Group in 1989. In 1995, he was promoted to Group Managing Director of the Sunway Holdings Berhad Group and to President of the Sunway Holdings Berhad Group in 1999.

Upon the completion of the merger of Sunway City Berhad and Sunway Holdings Berhad in 2011, Tan Sri Dato' (Dr) Chew was designated as the President of Sunway Berhad. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

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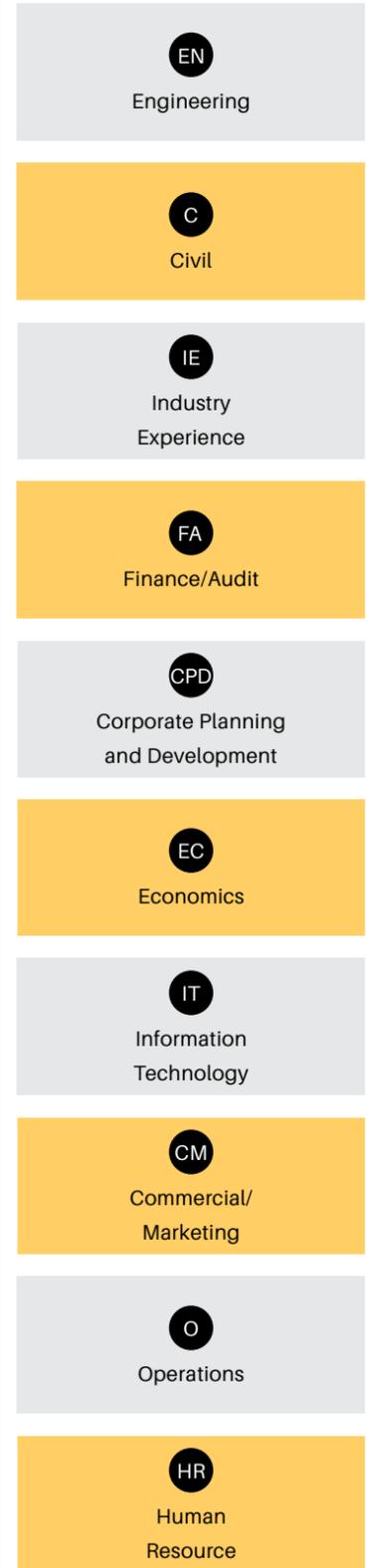
RMC

AC

NRC

Member

BOARD SKILLS

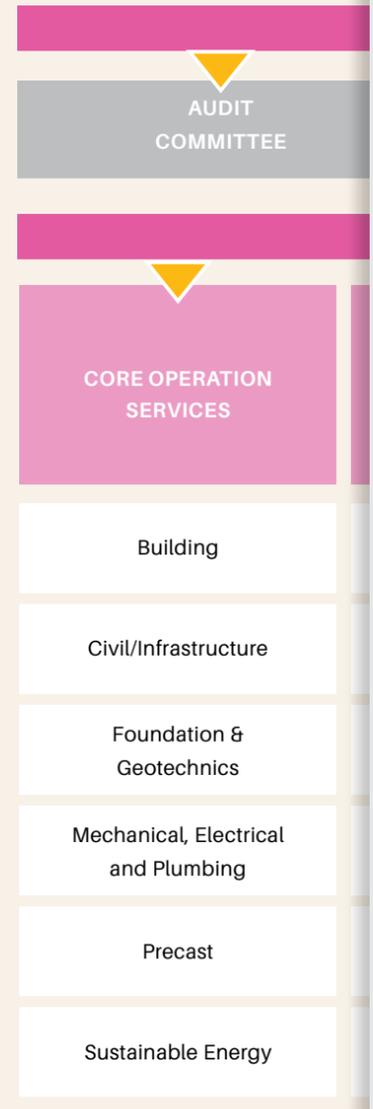


PROFILE OF BOARD OF DIRECTORS



Dato' Ir Goh Chye Koon Chung Soo Kiong

ORGANISATION STRUCTURE



LEGEND
RMC Risk Management Committee
AC Audit Committee



EVAN CHEAH YEAN SHIN

Non-Independent
Non-Executive Director

DATE APPOINTED TO THE BOARD
18 September 2014

YEARS OF DIRECTORSHIP
6.6 years

QUALIFICATIONS

- Bachelor of Commerce Degree and Bachelor of Business System Degree from Monash University
- Chartered Financial Analyst Charterholder
- Certified Practising Accountant
- Member of Malaysian Institute of Accountants

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Elit Commercial REIT

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

FA CPD IT CM

Mr Evan Cheah joined the Sunway Group following his graduation as an Executive Assistant and was attached to the Sunway Group Finance division from 2001 to 2002, with key roles in investment analysis, due diligence, corporate finance, management accounting and group procurement. In 2003, he was promoted and rotated to Sunway Construction where he was the Finance Manager. In 2006, he became the General Manager, Business Development of Sunway Group's Trading & Manufacturing division. In 2010, he was promoted to be the Executive Director of Sunway Mas Sdn. Bhd., a property development company within Sunway Group, in charge of operation matters.

In 2011, Mr Evan Cheah was designated Chief Executive Officer of Sunway Group's China operations, responsible for the China Corporate Office and the development of new business opportunities for the Sunway Group in China. In 2013, he assumed the additional role of Executive Director in the President's Office of Sunway, assisting the Group President in overseeing the Trading & Manufacturing, Building Materials, Quarry & Information Technology businesses.

Effective 1 March 2015, Mr Evan was redesignated as Executive Vice President - President Office with additional role of assisting the President's Office to identify potential business growth opportunities for Sunway Group and driving the group's synergy.

DIRECTORS

Family Relationship with Director and/or Major Shareholder

Mr Evan Cheah Yean Shin (Evan Cheah) who is a Non-Independent Non-Executive Director and major shareholder of Sunway Construction Group Berhad ("SunCon"), is the son of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling ("Tan Sri Dr Jeffrey Cheah") and brother of Ms Sarena Cheah Yean Tih ("Ms Sarena Cheah") and Mr Adrian Cheah Yean Sun ("Mr Adrian Cheah"). Tan Sri Dr Jeffrey Cheah, Ms Sarena Cheah and Mr Adrian Cheah are the major shareholders of SunCon. Tan Sri Dr Jeffrey Cheah and Ms. Sarena Cheah are also the directors of Sunway Berhad, which is a major shareholder of SunCon.

Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of SunCon.

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RMC

Member

AC

NRC



LIEW KOK WING

Alternate Director to
Chung Soo Kiong &
Managing Director of
Sunway Construction Sdn Bhd

DATE APPOINTED TO THE BOARD
7 January 2020

YEARS OF DIRECTORSHIP
1.3 years

QUALIFICATIONS

- Master of Science Degree in Civil Engineering, National University of Singapore
- Bachelor of Engineering (Hons) in Civil Engineering, National University of Singapore

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

EN C IE O

Mr Liew began his career with L&M Geotechnic in Singapore in 1993, as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L&M Systems, Thailand as Project Manager in charge of infrastructure works for a low rise luxury housing project in Bangkok. In the same year, he left to join Taylor Woodrow Projects (M) Bhd. before joining SunCon as Senior Geotechnical Engineer from 1996 to 1998. Thereafter, he joined Nishimatsu Construction Company Singapore.

He rejoined SunCon in 2000 and was promoted during the course of overseeing various projects in Malaysia and India to the position of Senior General Manager, heading the Civil Engineering Division in 2003. He was further promoted as the Deputy Managing Director in 2016 and as the Managing Director of Sunway Construction Sdn Bhd on 1 January 2020.

He has more than 20 years of experience in the construction industry.

CONFLICT OF INTEREST

None of the Directors has any conflict of interest with SunCon Group.

CONVICTION FOR OFFENCES

All the Directors have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2020.

ATTENDANCE OF BOARD MEETINGS

The attendance of the Directors at Board and Board Committees' Meetings held during the financial year ended 31 December 2020 is disclosed in the Corporate Governance Overview Statement.

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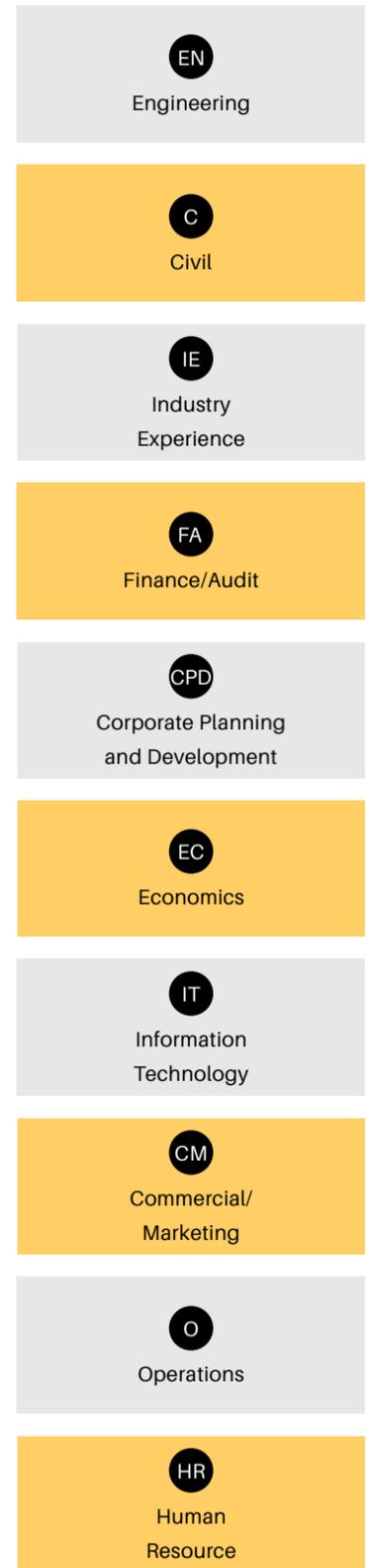


RMC

AC

NRC

BOARD SKILLS



PROFILE OF KEY SENIOR MANAGEMENT



Wong Kwan Song, Richard



Ng Bee Lien



Eric Tan Chee Hin



Thomas Samuel A/L CT Samuel



Kwong Tzyy En



Lim Vin Tze



Yip Lai Hun



Tan In Tuan



Tan Kim Yoke

WONG KWAN SONG, RICHARD

Deputy Managing Director



QUALIFICATIONS:

- Bachelor of Engineering (Hons) in Civil Engineering, University of Portsmouth
- Certificate in Technology (Building), Tunku Abdul Rahman College

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Richard Wong started his career in 1987 at Syarikat Pembinaan Perlis Sdn. Bhd. He then joined Syarikat Pembinaan YTL Sdn. Bhd. in 1988 before joining SunCon in 1989.

Thereafter, he joined Setarabina Sdn. Bhd. in 1995 and served as a Project Manager before rejoining SunCon in 1999.

He has held various positions in SunCon during his 21-year tenure with SunCon Group.

Mr Richard Wong was appointed Deputy Managing Director on 1 January 2020. Prior to this, he was the head of Building Division since January 2007.

NG BEE LIEN

Chief Financial Officer



QUALIFICATIONS:

- Chartered Accountant, Malaysian Institute of Accountants
- Bachelor of Commerce, Majoring in Finance, University of Western Australia

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Ms Ng started her career as an auditor with Ernst & Young from 1994 to 1997. Thereafter, she joined Muhibbah Engineering (M) Bhd in 1997.

She joined SunCon in 2005 as a Senior Manager-Finance. She has been with SunCon for 16 years where she takes charge of the finance department within SunCon Group.

She was appointed Chief Financial Officer on 1 January 2016. She has been heading the Finance Department since 1 January 2010.

ERIC TAN CHEE HIN

Executive Director



QUALIFICATIONS:

- Registered Professional Engineer with Practising Cert, Board of Engineers Malaysia
- Registered GBI (Green Building Index) Facilitator
- Competent GBI Commissioning Specialist (CxS)
- Master of Business Administration, The Nottingham Trent University
- Bachelor of Engineering Degree in Mechanical Engineering, Universiti Sains Malaysia

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Tan began his career with SSP (E&M) Sdn. Bhd. in 1996 where he served as a Mechanical Engineer.

In 2000, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 20 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 1 November 2014 and is currently the head of the Sustainable Energy and Civil Divisions.

Mr Tan was appointed Executive Director on 1 January 2019.

THOMAS SAMUEL A/L CT SAMUEL

Executive Director, Geotechnical



QUALIFICATIONS:

- Master's Degree in Business Administration, Heriot Watt University
- Bachelor of Engineering (Hons), University of Malaya

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Thomas began his career as a project engineer in the specialised field of geotechnical engineering with Pilecon Engineering Bhd in April 1983.

In October 1988, he joined Bauer Malaysia Sdn. Bhd. In a career spanning 28 years, he was extensively involved with the development and installation of large diameter deep bored piles. He was also involved in development of

new techniques for borehole stabilisation using third generation polymers and the development of removable temporary ground anchors. He also helped to successfully introduce the installation of high strength soil cement columns for stabilisation of road and rail embankments.

Mr Thomas joined Sunway Geotechnics (M) Sdn. Bhd. on 15 January 2015 as an Executive Director. He has held this position since then.

KWONG TZYY EN

Executive Director, Precast



QUALIFICATIONS:

- General Certificate of Education (GCE) 'A' Levels

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Kwong held the position of Managing Director in Huey Long Construction Co from 1981 to 1988, where he specialised in underground telecom piping.

In 1989, he joined Spandek Engineering Pte. Ltd. and served as Production Manager overseeing the supply of precast components for housing projects.

Thereafter, he joined L&M Precast Pte. Ltd. from 1992 to 2000 and Hanson Precast Pte. Ltd. from 2000 to 2001.

He joined Sunway Concrete Products (S) Pte. Ltd. in 2001 and has held various positions based primarily in Singapore during his tenure of 19 years with the SunCon Group.

Mr Kwong was appointed Executive Director on 1 January 2016. Prior to this, he was the head of Precast Division since January 2011.

LIM VIN TZE

General Manager, Mechanical, Electrical and Plumbing



QUALIFICATIONS:

- Registered Professional Engineer Board of Engineers Malaysia
- Registered GBI (Green Building Index) Facilitator
- GBI Commissioning Specialist (CxS)
- Bachelor of Engineering in Mechanical Engineering, University of Melbourne, Australia

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Lim began his career with KTA Tenaga Sdn. Bhd. in 2000 where he served as a Mechanical Engineer.

In 2005, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 15 years within the company.

He has been heading the Mechanical, Electrical and Plumbing division since 2019.

YIP LAI HUN

Director, Supply Chain & Contracts Management



QUALIFICATIONS:

- Diploma in Technology (Building), Tunku Abdul Rahman College
- Certificate in Technology (Architecture), Tunku Abdul Rahman College

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Ms. Yip began her career in 1990 with MBF Builders Sdn. Bhd. and joined Rinota Construction Sdn. Bhd. in 1991. She then worked as a Quantity Surveyor with J.V. NLC Construction (Nishimatshu - Lum Chang) from 1992 to 1993.

She joined SunCon in 1993 and has held various positions during her 27-year tenure with SunCon Group.

Ms. Yip was appointed Director in Supply Chain and Contracts Management on 1 January 2016. She has been heading the Contracts Department since 1 January 2008.

TAN IN TUAN

Director, Virtual Design and Construction



QUALIFICATIONS:

- Bachelor of Science (Hons) Degree in Civil Engineering University of Glasgow, Scotland

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Tan began his career in EEMAL Construction as a Project Engineer to Project Manager from 1982 to 1988.

In 1988, he joined Taisei Corporation in which he was involved in various projects undertaken by Taisei in Singapore and Malaysia.

He joined SunCon in 1997 as Assistant General Manager. He held various positions in SunCon during his 23-year tenure with SunCon.

Mr Tan was appointed Director on 1 July 2009 where he continued to head the Planning Division of SunCon where he has led since 2003. In 2017, his role expanded further where he now heads the Technical, Virtual Design and Construction (VDC) and Planning Division.

TAN KIM YOKE

Senior General Manager, Business Development



QUALIFICATIONS:

- Executive Bachelor in Construction Management, Open University Malaysia
- Associate Member, Malaysia Institute of Management (MIM)
- Advanced Diploma in Building Technology, Federal of Institute of Technology

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Tan joined SunCon in 1982 and left to join Pembinaan JBBS Sdn. Bhd. in 1991. He rejoined SunCon in 1992 as Senior General Manager and was involved in various project implementation. From 1999 till 2007, he headed

SunCon's operations in India and completed 7 packages of National Highways.

He then joined Soma Enterprise Ltd. in India from 2008 till 2013 and was involved in the Chennai Metro line and elevated tollway. In 2013, he joined Pelangi Wira (M) Sdn. Bhd. as Project Director for Pagoh Education Hub, Johor.

Mr Tan rejoined SunCon on 1 October 2015 as Senior General Manager in Business Development.

PROFILE OF KEY SENIOR MANAGEMENT



Major (R) Leong Yee Keong



Kong Heong Fook



Mau Che Pean



Mohd Faudzi Bin Hanafiah



Steven Shee Boo Cheong



Ewe Teng Joon



Subba Rao A/L V Semenchalam



Lee Kuan Hong

MAJOR (R) LEONG YEE KEONG

Senior General Manager, Environmental, Safety and Health



QUALIFICATIONS:

- Master of Occupational Safety and Health Risk Management, Open University Malaysia
- Professional Diploma in Occupational Safety and Health Management, Consist College
- International General Certificate (IGC), National Examination Board in Occupational Safety and Health (NEBOSH), UK
- Safety and Health Officer registered with DOSH

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Major (R) Leong served in the Malaysian Armed Forces from 1979 to 1993 and has held various appointments in different military organisations.

He joined Universal Concrete Products Berhad in 1994 and held leadership roles in various departments including Project Management and Safety.

In 2008, he joined SunCon as Senior Manager, Environmental, Safety and Health (ESH) and was also involved in the completion of overseas project in Abu Dhabi.

He currently serves as the Deputy Chairman of the Safety and Health Committee and Master Builders Association Malaysia (MBAM). He was also a member of several CIDB Committees in developing Construction Industry Standards.

Major (R) Leong was appointed Senior General Manager, ESH on 1 January 2016.

KONG HEONG FOOK

Senior General Manager, Machinery



QUALIFICATIONS:

- Master of Arts in International Business, York St John University, United Kingdom
- Diploma in Supervisory Management, Malaysia Institute of Management (MIM)
- Advance Diploma in Automotive Technology, Department of Skills Development Malaysia
- Certificate in Automotive and Diesel Technician, Ungku Omar Polytechnics

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Kong began his career at Automotive Corporation Malaysia in 1986. He joined Auto Bavaria Sdn. Bhd. in 1989 and Pilecon Engineering Berhad in 1991.

He then joined Megah Sewa Sdn. Bhd. (subsidiary of Gamuda Engineering Sdn. Bhd.) in 2000 as Plant Manager.

Mr Kong joined Sunway Machinery Sdn. Bhd. in 2005 as a General Manager and has over 30 years of experience in construction plant and machinery industry.

He was appointed Senior General Manager on 1 January 2018.

MAU CHE PEAN

General Manager, Land Survey



QUALIFICATIONS:

- Bachelor in Construction Management, Open University Malaysia
- Diploma in Survey

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Mau began his career with Jurukur Berjasa Licensed Surveyor in 1981 as a field surveyor for engineering and building construction.

He then joined JHEOA-KOPERASI Kijang Mas from 1987 to 1992 and headed the drafting department for "Cadastral" survey works.

In 1992, he joined Jurukur Nik Hisyam and worked for the Felda Township at Terengganu.

He subsequently joined Sunway PMI-Pile in 1996.

Mr Mau joined SunCon in 1999 where he has held various positions and was also posted overseas to the United Arab Emirates for four years.

Mr Mau was appointed General Manager heading the Land Survey Department since 1 January 2014.

MOHD FAUZI BIN HANAFIAH

General Manager, Total Quality Management



QUALIFICATIONS:

- Bachelor of Science in Civil Engineering, The Ohio State University, USA
- ISO 9001 Lead Assessor
- Qualified Trainer for Awareness of Quality Assessment System in Construction (QLASSIC)

In 1991, he joined Malaysia Productivity Corporation which is under the Ministry of International Trade & Industry as a management consultant in the Productivity & Quality Improvement Department.

He joined Pilecon Engineering Berhad in 1995 as Senior Quality Assurance Engineer.

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Encik Mohd Faudzi started his career in 1988 as Project Engineer with Pembangunan Langkawi (M) Sdn. Bhd., Penang.

On 27 May 1996, Faudzi joined SunCon as Assistant Manager – Quality Assurance. He was responsible in setting up the Quality Management System and leading the Total Quality Management initiatives. He was promoted to his current position on 1 January 2015.

STEVEN SHEE BOO CHEONG

General Manager, Legal



QUALIFICATIONS:

- Bachelor of Laws (LLB), University of London
- Certificate of Legal Practice

He is actively involved in the construction industry and last served in the Master Builders Association of Malaysia as Vice President, Chairman of the ICT and Publications Committee and editor of the Master Builders Journal (2018 to 2020). He also contributed to the CIDB Construction Law Reports and the Master Builders Journal. Mr Shee is a Fellow with the Asian Institute of Alternative Dispute Resolution and Malaysia Institute of Adjudicators.

He was appointed General Manager, Legal on 1 January 2011. Prior to this, he headed the Contracts Services Department.

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Shee began his career in an engineering consultancy firm as a draftsman. He later retrained in law and moved on as an in-house counsel dealing with construction contracts, claims and dispute resolution.

EWEE TENG JOON

Head of Human Resources



QUALIFICATIONS:

- Bachelor Degree in Mechanical Engineering, University Tenaga Nasional

He was given the opportunity to lead key projects in performance management, organization change management before assuming the role Human Resource business partner for Building, Geotechnics, Supply Chain & Contracts Management and Finance in 2017.

He was promoted to Head of Human Resources on 1 July 2019.

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Ewe started his career in 2012 when he joined SunCon as a Management Trainee. As part of the programme, he was rotated across key departments which includes Operation, Supply Chain & Contracts Management, Quality, Safety & Technical department before joining Human Resources as an Organization Development Executive.

SUBBA RAO A/L V SEMENCHALAM

General Manager, Operations



QUALIFICATIONS:

- Current Education: Executive Bachelor in Construction Management, Open University Malaysia

He has held various positions in SunCon within his 31-year tenure with the Group. Within his tenure, he was also posted to India for 11 years, where he was involved in 7 major highway projects ranging from 40 to 80 kilometres in length each.

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Rao started his career in 1986 at LFY Construction Sdn. Bhd. In 1989 he left the company and joined SunCon.

Mr Rao was appointed General Manager of the Civil Division on 1 January 2016 and is also the India Country Head.

LEE KUAN HONG

General Manager, Northern Region



QUALIFICATIONS:

- Master Degree in Business Administration U21 Global
- Bachelor of Science in Civil and Structural Engineering (Hons), Nanyang Technological University, Singapore

such as the Electrified Double Track Project from Rawang to Ipoh, twin 45 storey luxury residential towers and international branded hotel in Melaka, and building and highway projects in Qatar and Bahrain.

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Lee began his career in 1999 as Project Engineer with Econ International Ltd (Singapore).

Mr Lee's entrepreneurial vision and strategic leadership skills led him to set up his own construction company in 2007. Prior to joining SunCon, Mr Lee was attached to Turner International Malaysia Sdn. Bhd. in 2017 as Project Manager.

Since then, he has held leadership roles in different construction companies, gaining extensive experience in the full range of operations, from tendering, planning to construction of challenging local and international projects

Mr Lee was promoted to his current position as General Manager, Operations on 1 January 2018, where he is responsible for setting up and overseeing the operations of SunCon's northern region branch.

Family Relationship with Director and/or Major Shareholder

None of the Key Senior Management has any family relationship with any director and/or major shareholder of Sunway Construction Group Berhad (SunCon).

Conviction for Offences

All the Key Senior Management have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2020.

Conflict of Interest

None of the Key Senior Management has any conflict of interest with SunCon Group.

Directorship in Public Companies and Listed Issuers

None of the Key Senior Management has any directorship in public companies and listed issuers

The Board of Directors ("Board") of Sunway Construction Group Berhad ("Company") is committed to corporate governance principles and best practices in all its endeavours. Our core values of integrity, humility and excellence are built within a robust governance framework. Our vision is to be the leading regional construction and engineering group. Our mission is to innovate to deliver value underpinning our relentless efforts to drive positive and sustainable change in the way we work and operate in order to create values for all our stakeholders. The Board also places emphasis on ensuring responsible and sustainable business practices in achieving highest standards in quality, environmental protection, safety and health.

In addition, the Company and its subsidiaries ("Group") are committed to fulfilling the United Nations 17 Sustainable Development Goals ("SDG"), by aligning its business strategies to meet the needs of its communities in line with the SDG agenda. The Group's commitment to Environment, Social and Good Governance practices is embedded throughout the organization - from its corporate objectives, policies and working culture as well as social impact initiatives to day-to-day operations so that it delivers enduring growth for thriving communities with minimal adverse impact on its operating environment. The ultimate objective is to achieve good financial performance in order to fuel long term sustainable growth and thereby, enhancing shareholders' value and contributing to the social needs and well-being of the community in which it operates as well as in nation building.

BOARD

<p>Dato' Ir Goh Chye Koon Chairman & Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Dato' Dr Johari Basri Senior Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Dato' Siow Kim Lun Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Dr Sarinder Kumari Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Tan Sri Dato' (Dr) Chew Chee Kin Non-Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Evan Cheah Yean Shin Non-Independent Non-Executive Director</p> <p>Attendance: 7/7</p>	<p>Chung Soo Kiong Group Managing Director & Non-Independent Executive Director</p> <p>Attendance: 7/7</p>
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Board Committees

The Board also delegates certain responsibilities to the Board Committees, all of which operate within their defined Terms of Reference ("TOR"). Notwithstanding that, the Board remains responsible for its fiduciary duties.

The Board has set up the following committees to assist in discharging its duties and responsibilities:

<p>AUDIT COMMITTEE</p> <p>Dato' Siow Kim Lun Chairman Attendance: 5/5</p> <p>Dato' Ir Goh Chye Koon Member Attendance: 5/5</p> <p>Dato' Dr Johari Basri Member Attendance: 5/5</p> <p>Dr Sarinder Kumari Member Attendance: 5/5</p>	<p>NOMINATION AND REMUNERATION COMMITTEE</p> <p>Dato' Dr Johari Basri Chairman Attendance: 6/6</p> <p>Dato' Ir Goh Chye Koon Member Attendance: 6/6</p> <p>Dato' Siow Kim Lun Member Attendance: 6/6</p> <p>Dr Sarinder Kumari Member Attendance: 6/6</p> <p>Tan Sri Dato' (Dr) Chew Chee Kin Member Attendance: 6/6</p>	<p>RISK MANAGEMENT COMMITTEE</p> <p>Dr Sarinder Kumari Chairman Attendance: 5/5</p> <p>Dato' Ir Goh Chye Koon Member Attendance: 5/5</p> <p>Dato' Dr Johari Basri Member Attendance: 5/5</p> <p>Dato' Siow Kim Lun Member Attendance: 5/5</p> <p>Evan Cheah Yean Shin Member Attendance: 5/5</p>
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The TORs are annually reviewed and updated to ensure their relevance to the Company's operations as well as for compliance with relevant legislation, regulations and governance standards.

The Board Committees deliberate issues on a broad and in-depth basis before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a Committee under its TOR, ultimate responsibility for the affairs of the Company and decision-making lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the Chairman of the relevant Board Committees and the tabling of the Minutes of the Board Committee meetings at the subsequent Board meeting.

Each of the Board Committee operates within clearly defined written Terms of Reference ("TOR") as approved by the Board. The TORs of the Board Committees are available for reference at the Company's website at <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

This Corporate Governance Overview Statement ("CG Overview") provides shareholders and investors with an overview of the corporate governance practices of the Group under the leadership of the Board during the financial year 2020 ("FY2020"). This CG Overview was prepared based on the 3 key Corporate Governance Principles as set out in the Malaysian Code on Corporate Governance ("CG Code"), which are:

- 1 Board Leadership and Effectiveness;
- 2 Effective Audit and Risk Management; and
- 3 Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Our corporate governance practices comply significantly with the CG Code and this statement is to be read together with the Corporate Governance Report FY2020 ("CG Report") of the Group which is available on the Group website at

<https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>



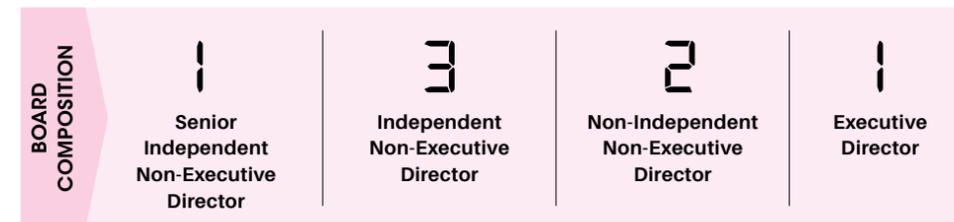
The CG Report provides a detailed insight on the Group's corporate governance framework and practices in compliance with the principles and practices set out in the CG Code and the Main Market Listing Requirement ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") for FY2020. Any slight deviations from the CG Code are explained in the CG Report available in our website.

The appropriate size and composition of the Board are annually reviewed by the Nomination and Remuneration Committee ("NRC"). During the year under review, the NRC was satisfied that the size of the Board was conducive for effective discussion and decision making. The board has effective composition with a broad range of knowledge, skills, experiences and deep industry expertise.

All Board appointments are made based on merit, in the context of skills, experience, independence and relevant knowledge which are essential to the future growth and sustainability of the Company. In terms of gender diversity, the Board has at least one female representation on the Board. Nevertheless, the Board is committed to building a diverse, inclusive and collaborative culture.

Senior Independent Director

The Board appoints a Senior Independent Director who coordinates the activities of the Independent Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to assure effective corporate governance in managing affairs of the Board and the Company. He will also be available to shareholders if they have concerns relating to matters that contact through the Chairman, Group MD or Chief Financial Officer ("CFO") has failed to resolve, or where such contact is inappropriate. During the year under review, Dato' Dr Johari Bin Basri ("Dato' Dr Johari Basri") was the Senior Independent Director.



The Board has a policy that each director must not hold more than five (5) directorships in public listed companies. This is to ensure that they have sufficient time to fulfil their duties effectively. This policy has been incorporated into Board Charter which requires a Director to seek prior consent from the Board Chairman before he or she accepts any new directorship outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director and report to the Board during the its meetings.

Our key focus areas and future priorities in further enhancing our corporate governance practices are as follows:

(a) Enhancing quality standards of audit and internal control

In the continuous effort to strengthen the credibility of internal audit function, the Group will engage an external professional consultant to conduct a Quality Assessment Review ("QAR"). The Internal Audit Department ("IAD") had successfully completed its QAR in 2015. The next assessment which was planned to take place in 2020 had to be postponed to 2021 due to the COVID-19 pandemic. The external assessment is to validate the Group's internal audit activities whether they had conformed to the relevant internal audit standards as well as to identify key areas of improvement in the internal audit function.

(b) Anti-bribery and corruption initiatives

Recognising the need to raise awareness and inculcate a zero corruption culture throughout the Group, anti-corruption and bribery awareness programmes ("ABC Programmes") had been implemented in 2020. This ABC Programmes involved continuous education and commitment from all levels of employees, suppliers, subcontractors and business partners on the Group's policy of zero corruption. An Anti-Bribery and Corruption Compliance Officer has been appointed to lead and take charge of the Anti-Bribery and Corruption compliance matters. In addition, monitoring potential corruption risk has been included in the annual risk assessment of the Group. The Group Risk Management Committee has been tasked with this responsibility of oversight.

(c) Environmental protection

In focusing on environmental sustainability, the Board intends to venture into green and renewable energy projects such as solar farm.

(d) Independent experts for Board Assessment

A structured and regular evaluation of Boards is an important element of good corporate governance. Aside from the conventional annual Board evaluation assisted by the Company Secretary, the Board is considering engaging independent experts to facilitate a comprehensive and 360-degree review on the Board's performance with the aim to further enhance the effectiveness of the Board.

EFFECTIVE LEADERSHIP

LIST OF DIRECTORSHIPS:

NO	DIRECTORS	LIST OF DIRECTORSHIPS
1.	Dato' Ir Goh Chye Koon	- Sunway Construction Group Berhad
2.	Dato' Siow Kim Lun	- Sunway Construction Group Berhad - HLA Holdings Sdn Bhd - EITA Resources Berhad - RHB Investment Bank Berhad - Eco World International Berhad - Malaysian Trustee Berhad - Radiant Globaltech Berhad - RHB Trustee Berhad
3.	Dato' Dr Johari Bin Basri	- Sunway Construction Group Berhad
4.	Dr. Sarinder Kumari	- Sunway Construction Group Berhad
5.	Tan Sri Dato' (Dr) Chew Chee Kin	- Sunway Berhad - Sunway Construction Group Berhad - Gopeng Berhad - Sunway Quarry Industries Sdn Bhd - Sunway Quarry (Kuala Kangsar) Sdn Bhd - Sunway Quarry Industries (Tai Ping) Sdn Bhd - Sunway Quarry Industries (Melaka) Sdn Bhd - Sunway Eastwood Sdn Bhd - Sunway Iskandar Development Sdn Bhd (Alternate to Tan Sri Dato' Dr Jeffrey Cheah Fook Ling AO) - Sunway Iskandar Sdn Bhd (Alternate to Tan Sri Dato' Dr Jeffrey Cheah Fook Ling AO) - Sunway Integrated Properties Sdn Bhd - Sunway Holdings Sdn Bhd - Sunway Winstar Sdn Bhd - Blacktop Industries Sdn Bhd - Can Technical Services Sdn Bhd - TKM Sdn Bhd - Asian Strategy & Leadership Incorporated Sdn Bhd - Sunway University Sdn Bhd - Sunway Education Group Sdn Bhd - Sunway College (KL) Sdn Bhd
6.	Evan Cheah Yean Shin	- Sunway Construction Group Berhad - Monumental Productions Sdn Bhd - Sunway Construction Sdn Bhd - Sunway (Tianjin) Management Consultancy Co. Ltd - Sunway PALs Loyalty Sdn Bhd - Eastern Glory Enterprises Limited - Sunway Ventures Sdn Bhd - Sunway Real Estate (China) Ltd - Sunway Marketing Sdn Bhd - Sunway City (S'pore) Pte. Ltd - Sunway Management Sdn Bhd - Sunway Investment Management Consultancy (Shanghai) Co. Ltd - Sunway Winstar Sdn Bhd - Sunway Hotel Services (Ipoh) Sdn Bhd - Sunway Pharma Sdn Bhd - Tianjin Eco-City Sunway Property Development Co. Ltd - Sunway PopBox Sdn Bhd - Sunway Money Sdn Bhd - Sunway Property Development (Zhuhai) Co. Ltd - Pasir Mas Holdings Sdn Bhd - Sunway Global Limited - Sun SEA Capital Sdn Bhd - Sunway iLabs Accelerator Sdn Bhd - Sunway Management Services Sdn Bhd - Sunway Spun Pile (Zhuhai) Co. Ltd - Sun Sea I Sdn Bhd (Formerly known as I Star Electrical Sdn Bhd) - Sunway Daechang Forging (Anhui) Co. Ltd - Sunway SCF Sdn Bhd (Formerly known as Sunway Credit Sdn Bhd) - Hitachi Sunway Information Systems (Singapore) Pte Ltd - Credit Bureau Malaysia Sdn Bhd - Sunway Trading (Shanghai) Pte Ltd - Prestamin Sdn Bhd - Progressive Venture Sdn Bhd - Superseed II Ventures (Malaysia) Sdn Bhd (formerly known as Gobi Suoerseed II Sdn Bhd) - Sunway Computer Services Sdn Bhd - Sunway RE Capital Pte. Ltd - Active Equity Sdn Bhd - Sunway RE Capital Advisors (SG) Pte Ltd - Jef-San Enterprise Sdn Bhd - PRK Builders Sdn Bhd

EFFECTIVE LEADERSHIP

NO	DIRECTORS	LIST OF DIRECTORSHIPS
6.	Evan Cheah Yean Shin	- Sungei Way Corporation Sdn Bhd - Sunway Digital Wave Sdn Bhd - Timah Menderang Sdn Bhd - Sunway MSC Sdn Bhd - Sungei Way Properties Sdn Bhd - Hitachi Sunway Information Systems Sdn Bhd - Sunway Systems Sdn Bhd - Sunway Technology Sdn Bhd
7.	Chung Soo Kiong	- Sunway Construction Group Berhad - Sunway SK Sdn Bhd - Sunway Construction Sdn Bhd - Sunway Builders Sdn Bhd - Sunway Engineering Sdn Bhd - Sunway Facade Network Sdn Bhd - Sunway Industrial Products Sdn Bhd - Sunspan Sdn Bhd - Sunway Machineries Services Sdn Bhd - Sunway Visioneering Sdn Bhd - Sunway Geotechnics (M) Sdn Bhd - Sunway Concrete Products (M) Sdn Bhd - Sunway Precast Industries Sdn Bhd
8.	Liew Kok Wing	- Sunway Construction Group Berhad - Sunway Facade Network Sdn Bhd

BOARD RESPONSIBILITIES

The Board aims to create value for the shareholders and ensure long term sustainability of the Group. The Board's main responsibility is to develop appropriate strategy, business model and risk tolerance level to achieve its long term objectives. It also seeks to align the interests of the Board and Management with that of the shareholders as well as to balance the interests of all other stakeholders.

The Board's responsibilities are to focus on the following areas:

- Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximising shareholders' value as well as ensuring long term sustainability of the Group's performance.
- Adopting and monitoring the progress of the Group's strategies, budgets, plans and policies.
- Monitoring the performance of the Group's businesses and evaluate whether they are properly managed to achieve its targeted returns.
- Identifying principal risks and ensuring adequate risk framework and systems to mitigate and manage these risks. The Board through the Risk Management Committee, identify and prioritise key material risks, and sets risks tolerance level as well as to formulate risk mitigation strategies to manage and minimise impact of these potential risks.
- Considering and endorsing Management's recommendations on key proposals such as acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and development in particular, management succession planning.
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Key matters reserved for the Board's approval are as follows:

- Conflict of interest issues relating to substantial shareholders, directors or management;
- Related party transactions;
- Material acquisitions and disposals of undertakings not in the ordinary course of business;
- Material investments in capital projects;
- Material bid/tenders for construction projects;
- Overseas ventures;
- Annual business plan and budgets (including major capital commitments);
- Material corporate or financial exercise/restructuring;
- Declaration of dividend;
- Directors' Fees and allowances;
- External Auditors' audit and non-audit fees;
- Quarterly, annual and interim financial results;
- Management's authority limits;
- Donation above RM100,000.00; and
- Corporate Governance issues and related policies.

In discharging its roles and responsibilities, the Board is guided by its Board Charter and the delegated day-to-day management of the Group to the Group Managing Director ("Group MD"). This formal structure of delegation is further cascaded by the Group MD to his management team. Nevertheless, the Group MD and management team remain accountable to the Board for the authority that is delegated and for the performance of the Group. The Board Charter is reviewed and updated annually by the Board and its last review was done on 19 November 2020.

CHAIRMAN AND THE GROUP MD

There is a clear segregation of roles and responsibilities between the Chairman and the Group MD in order to ensure a balance of power and authority as defined in the Board Charter.

The Chairman of the Board is an Independent Non-Executive Director and is separate from the office of the Group MD. The Chairman is responsible for the proper functioning of the Board to ensure its effectiveness in its governance process. The Chairman provides leadership to the Board and guidance to the Group. He chairs the board meetings and sets the meeting agenda in consultation with the other Directors and the Group MD. He promotes active engagement and open dialogue among the Directors as well as between the Board and the Group MD.

The Group MD is subject to the control of the Board. He is responsible for implementing the Group's strategies and policies, as well as for managing the performance of the Group's businesses and the day to day operations.

THE GOVERNANCE OF SUSTAINABILITY

SunCon has embarked on the journey of sustainability governance since 2015. Throughout the years, we have undertaken various improvement initiatives to our practices in order to ensure we stay relevant and in line with global trends. Above all, we strive to ensure our efforts in embracing sustainable development management creates value in our business model. Currently, we are in the midst of reviewing our sustainability governance structure, especially the responsibility and membership of the Sustainability Committee to further strengthen our approach and strategies to sustainability as recommended by Bursa in the Bursa Malaysia Sustainability Disclosures Review 2020.

CORPORATE GOVERNANCE INITIATIVES IN 2020

(i) Anti-Bribery & Corruption

The Board has established an Anti-Bribery and Corruption Task Force ("ABC Taskforce") to implement Group wide awareness and compliance programme as well as to strengthen the internal processes and practices. The ABC Taskforce comprised senior personnel from various divisions, i.e. Operations, Contracts, Human Resources, Finance, Legal and Internal Audit.

The activities set out in the ABC Taskforce include the following:

(a) Establishment of an Anti-Bribery and Corruption Policy ("ABC Policy")

The first draft of the ABC Policy was presented to the Board for deliberation on 7 January 2020. The policy outlined the anti-bribery and corruption strategies and action plans in preventing, detecting and managing bribery and corruption issues. The Board had provided valuable comments and suggestions. The subsequent revisions to the ABC Policy was approved by the Board on 20 February 2020. The ABC Policy has been uploaded in the Company's website.

(b) Corruption Risk Assessment

Bribery and Corruption risk has now been included in the annual and quarterly risk assessment of the Group. Risk assessment has been conducted to identify and analyze the internal and external corruption risks in order to establish appropriate processes, systems and controls to mitigate the specific corruption risks the business is exposed to, if any.

(c) Training and Communication

Training and communication of the ABC Policy has been carried out involving all directors, employees, associates and business partners. Upon completion of the ABC awareness and training programme, the taskforce was disbanded. Subsequently, an Anti-Bribery and Corruption Compliance Officer was appointed to take charge of monitoring and compliance going forward.

(ii) Anti-Money Laundering

In addition, the Board had also on 7 January 2020 established an Anti-Money Laundering Policy ("AML Policy") to provide guidance to all the Group's employees on how to strengthen anti-money laundering measures. The Board and management were fully committed to comply with the provisions of the

Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. The AML Policy is linked to the Group's Code of Conduct and Business Ethics and the Whistle-Blower Policy. The aforesaid policies and code can be found in the Company's website.

(iii) Business Continuity Plan

During the year 2020, the COVID-19 pandemic had severely disrupted the economy and business operations of the Group. In order to ensure business continuity, the Group had to take drastic and fast action to contain costs, revise its strategies, and to assess its operational risks as well as review its supply chain impact.

A Business Continuity Plan ("BCP") was formulated and presented to the Board on 6 April 2020 by the Group MD. As the situation evolved, the BCP has been revised from time to time. A second phase of the BCP has also been presented to the Board on 21 May 2020.

The main objectives of the BCP were as follows:

- Protect the organisation against adverse effects of the pandemic;

- Prepare the group for inevitable threats;
- Respond immediately to warning signals of crisis i.e. detect early signs, identify problem areas; and
- Manage and ensure appropriate actions are carried out based on current impact of event, as well as potential risks including mitigation strategies.

A Crisis Management Team ("CMT") was quickly formed comprising top management to carry out the BCP action plan. The members of the CMT communicated actively using online technology platforms during the movement control order ("MCO"), Conditional MCO and Recovery MCO period.

Consequent to the proactive and relentless efforts of the Management, the Board is cautiously optimistic of sailing through the headwinds caused by the pandemic.

INTEGRITY AT OUR CORE

CONFLICTS OF INTEREST

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interest of the Group. Where a director has a conflict of interest, in respect to any matter, he or she will be required to immediately disclose his or her interest at a meeting of the Directors or send a written notice to the Group containing details of his or her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter. Such declaration of interest will be recorded in the minutes of meeting. During the year under review, none of the Directors have any personal conflict of interest with the Group.

In respect to mandated recurrent related party transactions ("RRPT mandate"), the Board was satisfied that all transactions were independently scrutinized and reviewed by the Audit Committee to ensure that they had complied with the Listing Requirements and the terms of the shareholders' mandate. The Company had obtained a renewal of its RRPT mandate from the shareholders on 5 August 2020.

The Independent Non-Executive Directors regularly engage in discussion with senior management, IAD, risk management team, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.

CODE OF CONDUCT AND BUSINESS ETHICS & WHISTLEBLOWING POLICY

The Board has a formalized code of conduct and business ethics ("Code") which provides an ethical framework to guide actions and behaviors of all Directors and employees while at work.

no disciplinary action can be taken against the reporting individual as long as he/she does not provide false information in the report purposely, knowingly and recklessly.

The Group also has in place a Whistleblowing Policy and Procedures. The objective of this policy and procedure is to provide a mechanism for all levels of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.

Employee or member of the public who has knowledge or is aware of any improper conduct within the Group is encouraged to disclose through the following reporting channels:

Whistleblowing hotlines

☎ (603) 5639 8025 ✉ whistleblowing@sunway.com.my

Reporting individuals are protected against reprisals and/or retaliation from his/her immediate supervisor or head of department/division as a result of the report. The policy also provides the assurance that

Further details of the Code and Whistleblowing Policy and Procedures are set out in the CG Report. The Code, WhistleBlowing Policy, as well as the CG Report are available in the Company's website.

WELL INFORMED AND KNOWLEDGEABLE

ACCESS TO MANAGEMENT & INDEPENDENT PROFESSIONAL ADVICE

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, Companies Act 2016, Listing Requirements, the Securities Commission Guidelines, etc. The Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators and are licensed by the Companies Commission of Malaysia. The appointment and removal of the Company Secretaries are subject to approval of the Board. All Directors, whether as a full Board or in their individual capacity, have the authority to obtain independent professional advice, when necessary, at the Company's expense.

All Independent Non-Executive Directors have access to the Group MD and senior management should there be any explanations or clarifications needed on any aspects of the Group's operations or management issue.

DIRECTOR DEVELOPMENT & TRAINING

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and professional development for its Directors so as to be able to serve effectively on, and contribute positively to, the Board.

During the financial year ended 31 December 2020, all members of the Board attended various development/training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment. The Company Secretary maintained a training record to track the Directors' attendance at training and professional development courses.

Training Programmes, Seminars and Workshops attended by Directors

NAME OF DIRECTORS	COURSE TITLE/ORGANISER	DATE
Dato' Ir Goh Chye Koon	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020
Dato' Dr Johari Bin Basri	How to be an effective NED in a Disruptive World (Institute of Corporate Directors Malaysia)	27 October 2020
	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020
Dato' Siow Kim Lun	Capital Market Directors' Programme (Securities Industry Development Corporation)	3 - 5 March 2020
	Enlightenment on Shariah Resolutions (RHB Bank Berhad)/Datuk Dr Mohd Daud Bakar	11 August 2020
	Anti-Money Laundering and Counter-Terrorism Financing (RHB Bank Berhad/FCC Advisory)	9 September 2020
	Malaysian Property Market Outlook (Association of Corporate Finance Advisers/Khong & Jaafar Sdn Bhd)	26 October 2020
	Briefing on Malaysia Budget 2021 (RHB Bank Berhad/Deloitte Malaysia)	20 November 2020
	Recovery and Resolution Planning (RHB Bank Berhad/PwC Malaysia)	1 December 2020
	Fraud Risk Management Workshop (Bursa Malaysia)	3 December 2020
Dr Sarinder Kumari A/P Oam Parkash	Malaysia's Sustainable Development: The Decade For Action (Asian Strategy & Leadership Incorporated)	7 August 2020
	The Role of the Risk Management Committee in Managing Risk (Institute of Corporate Directors Malaysia)	19 & 20 October 2020
	How to be an effective NED in a Disruptive World (Institute of Corporate Directors Malaysia)	27 October 2020
	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020
Tan Sri Dato' (Dr) Chew Chee Kin	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020

NAME OF DIRECTORS	COURSE TITLE/ORGANISER	DATE
Evan Cheah Yean Shin	Alpha Web Conference ~ Fixed Income Session (Julius Baer)	29 June 2020
	Alpha Web Conference ~ Equities Session (Julius Baer)	30 June 2020
	Virtualization of Healthcare in Asean (UBS)	3 July 2020
	Malaysia's Sustainable Development: The Decade for Action (Asian Strategy & Leadership Incorporated)	7 August 2020
	LED 1: Listed Entity Director Essentials (Singapore Institute of Directors)	6 October 2020
	LED 2: Board Dynamics (Singapore Institute of Directors)	8 October 2020
	LED 3: Board Performance (Singapore Institute of Directors)	8 October 2020
	LED 4: Stakeholder Engagement (Singapore Institute of Directors)	13 October 2020
	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020
Chung Soo Kiong	Affin Hwang Capital's Property & REIT Virtual Conference: Where There Is Weakness, There Is Opportunity (Affin Hwang Investment Bank)	29 September 2020
	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020
Liew Kok Wing (Alternate Director)	Dynamic Economic Development & Shared Prosperity (ASLI Centre Stage): The Kedah Way (Sunway University)	13 January 2020
	Mandatory Accreditation Programme for Directors (The Iclif Leadership and Governance Centre)	30 & 31 March 2020
	Raising Defences: Section 17A of the MACC Act (Iclif Executive Education Centre)	13 November 2020

THE NOMINATION AND REMUNERATION COMMITTEE ("NRC")

The NRC comprises exclusively Independent Non-Executive Directors. The Chairman of this Committee for the financial year 2020 was Dato' Dr Johari Basri. The other members of the Committee were Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dr Sarinder Kumari A/P Oam Parkash ("Dr Sarinder Kumari") and Tan Sri Dato' (Dr) Chew Chee Kin.

The NRC is responsible for reviewing the composition, size, diversity and balance of the Board. It ensures that the Board comprises Directors with appropriate skills, knowledge, expertise and experience as well as having a proper balance between Executive Director and Independent Non-Executive Directors.

It regularly reviews the criteria to be used in the Board recruitment process. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the NRC would assess the candidate's independence

in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements of Bursa Securities as well as his/her time commitment and potential contribution.

It also undertakes and facilitates the annual assessment of the Board and Board Committees. In addition, it is responsible for the succession planning of the Board and senior management.

The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available at the Group's website at

 <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

During the financial year, six (6) meetings were held to deliberate on the following matters:

At the meeting held on 7 January 2020, the NRC deliberated on the following matters:

- The NRC together with the Group MD and Group Human Resource ("GHR") reviewed and approved the proposed new management organisation structure;
- It also deliberated and recommended the following for Board's approval:
 - Proposed re-designation of Mr Chung Soo Kiong ("Mr Chung") from Managing Director ("MD") to Group MD of the Company;
 - Proposed appointment of Mr Liew Kok Wing ("Mr Liew") as the Alternate Director to Mr Chung; and
 - Proposed promotion of Mr Liew from Deputy MD to MD of the major subsidiary, Sunway Construction Sdn Bhd ("SCSB").

At the meeting held on 20 February 2020, the NRC deliberated on the following matters:

- The NRC reviewed and discussed the results of the evaluation on the effectiveness of the Board and Board Committees. Some of the areas of improvements were noted and would be recommended to the board for actions.
- The Non-Independent and Non-Executive Directors and the Group MD also undertook a comprehensive assessment of individual Independent Non-Executive Directors' performance and contribution based on a pre-determined set of criteria. All the Board members had also conducted Director's peer review for the financial year 2019.
- Based on the annual assessment, the NRC was satisfied with the effectiveness of the Board in discharging duties and responsibilities in accordance with the Companies Act 2016 and Listing Requirements. As for the Board Committees, the Board was satisfied with their effectiveness in discharging their roles and responsibilities as stated in their respective TORs.
- The NRC also evaluated and was satisfied with the existing size, structure and composition of the Board and Board Committees. The composition of the Board and Board Committees had fulfilled the requirements of the Listing Requirements of having majority Independent Non-Executive Directors.
- The NRC would continue its search for the right woman candidate to meet the 30%-woman director representation in the Board.
- The Independent Directors had individually confirmed their continued independence in accordance with the Listing Requirements of Bursa Securities and that they would continue to act for the best interest of all stakeholders.
- The NRC was pleased that all the Directors had attended their respective training requirements in 2019. The Committee always encouraged the Board members to attend specific training programmes in order to keep themselves abreast with the rapidly changing economic, business, technological and regulatory environment as well as financial reporting standards.
- The individual performance of Dato' Dr Johari Basri and Tan Sri Dato' (Dr) Chew Chee Kin, who were both subject to retirement by rotation pursuant to Clause 106(1) of the Company's Constitution were assessed by the other board members. The retiring Directors had offered themselves for re-election at the 6th Annual General Meeting ("AGM") of the Company held on 5 August 2020. Dato' Dr Johari Basri being the Chairman of the NRC, recused himself and abstained from participating in the decision to recommend his own re-election.

Based on the peer review assessment ratings, the NRC subsequently recommended the retiring directors to the Board and shareholders for re-election. The resolutions to re-elect the said Directors were subsequently approved by the shareholders at the Company's 6th AGM.

- The NRC assessed the performance of the MD of the Company (who was later re-designated as Group MD), the then Deputy MD of SCSB (who was also re-designated as MD of SCSB) and CFO of the Company based on a set of key performance indicators using the SAP SuccessFactors platform for financial year 2019.

Based on their performance scorecard and ratings, the NRC with the support from the GHR had reviewed their proposed bonuses, incentives and salary increments and subsequently recommended the same to the Board for approval.

THE NOMINATION AND REMUNERATION COMMITTEE (CONT'D)

At the meeting held on 20 March 2020, the NRC met to discuss the following matters:

- The NRC reviewed and endorsed the NRC Statement which formed part of the Group's Annual Report 2019.

At the meeting held on 21 May 2020, the NRC met to discuss the following matters:

- The NRC deliberated and endorsed in principle the performance scorecards with its key performance targets of the Group MD and CFO of the Company, as well as the MD of SCSB for the financial year 2020. The NRC also requested the GHR to revisit the scorecards to take into account the impact of the COVID-19 pandemic on the Group's performance.
- As the performance of the Group was affected by the pandemic and the Government's Movement Control Order, the NRC together with the Group MD discussed and recommended to the Board, an austerity plan to reduce the total manpower overhead of the Group.

On 18 August 2020, the NRC deliberated on the following agendas:

- The NRC had reviewed and approved the methodology and the survey format on the evaluation of the effectiveness of the Board, Board Committees, Directors' Peers Review and the assessment of the Independent Non-Executive Directors.
- The NRC also explored future Board assessment options.
- The revised and updated performance scorecards of the Group MD and MD of SCSB which embedded the elements of 'Organisation Effectiveness' and 'Business Continuity Plan' were approved by the Committee.
- The mid-year performances of the Group MD and the CFO of the Company, as well as the MD of SCSB were discussed. Their performance scorecards and 9 months' achievements were presented to the NRC. Encapsulated in the scorecard were 4 main assessment elements, i.e. Financial, Strategic Initiatives, Operations (Time, Cost and Quality), and People Development.
- A new clear and streamlined management organisation structure was presented to the Committee. The new structure would empower the MD of SCSB to take charge of all the operational aspect of the Group.

At the meeting held on 19 November 2020, the NRC deliberated on the following matters:

- The NRC had reviewed its revised TOR to ensure that it was up-to-date with the regulatory requirements and corporate governance guidelines.
- The NRC was briefed by the Group MD on the management succession plan and his intended successor. The potential successors to key management positions in the organization were identified and tabled for deliberation. The NRC received assurances that candidates identified for the senior management positions were experienced and of sufficient calibre. A leadership programme was in place to track their readiness in order to provide orderly succession.

The GHR has in place a systematic leadership program (i.e. Excel in My Career and Leadership (ExCeL) @ Sunway) to identify the next echelon of future leaders. A 2-day program would be conducted whereby the identified candidates were given various case studies, role play and simulation to assess their leadership capabilities. The program enabled a more personalised, purposeful and focused career development journey to assist the candidates to realise their leadership potential. However, this program had to be postponed to 2021 due to the COVID-19 pandemic.

The NRC also conducted an annual talent review with the Head of HR. The review encompassed comprehensive succession planning for all key management positions across the business functions. The identified successors for top management would be presented to the NRC for review and endorsement on an annual basis. Currently, all senior management have one or more potential successors in one or more of these stages i.e. ready now, ready soon or ready later.

- The NRC also reviewed the Remuneration Policy for Directors and Senior Management with the Head of HR to ensure that the policy is able to attract and retain talent.

The Board, through the NRC, had assessed the independence of each Independent Directors annually based on a set of criteria as specified in Listing Requirements. All the Independent Directors themselves also confirmed their independence by way of Self-Assessment checklist as defined in the Listing Requirements.

The Board has a policy whereby an Independent Non-Executive Director who has reached the threshold of 9 years' tenure will be re-designated as Non-Independent Non-Executive Director, unless he or she has obtained shareholders' approval to be retained in the Board as Independent Non-Executive Director. If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process.

During the financial year under review, none of the Independent Non-Executive Directors has reached the 9-years tenure.

ANNUAL BOARD AND BOARD COMMITTEES EVALUATION

The Board, through the NRC undertakes an annual assessment of the Board as a whole, the respective Board Committees and each Directors' personal performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal traits of the Directors in order to identify any gaps that exist in the optimum mix of skills required for the Board.

sent to the Directors, and the results were aggregated and reported to the NRC. All assessments carried out by the NRC were properly documented, summarised and reported to the Board. The results of the survey and recommendations of the NRC were considered by the Board and follow up improvements were taken where necessary with a view to enhancing its effectiveness.

In 2020, the evaluation process was assessed internally and facilitated by the Company Secretaries. As part of the process, questionnaires were

The assessment criteria and outcome are summarised as follows:

Evaluation	Assessment Criteria
Board Evaluation	Board structure, Board dynamic and effectiveness, conduct of board meetings, roles and responsibilities, Group performance, performance of Chairman, performance of Group MD.
Board Committee Evaluation	Committee composition, quality, skill and competencies, roles and responsibilities, effective communication, qualification of chairman/chairperson.
Director's Peer Evaluation	Contribution to interaction, quality of input, understanding of role and Chairman's role (applicable to Chairman only).
Independent Directors' Self-Assessment	The criteria set under paragraph 1.01 of the Listing Requirements.

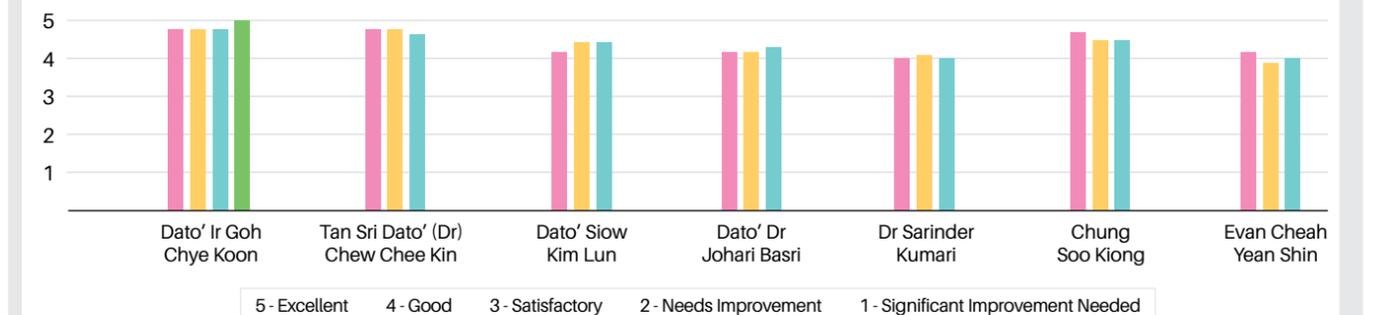
Outcome and Next Steps

The Directors were satisfied with the effective functioning of the Board as a whole. The Director's peer review affirmed that each director had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their insights and were involved in active participation in Board and Board Committees' discussions. There was no risk of group think as each director had freedom to express their own views. All the Board Committees were assessed to be effective in discharging their roles and responsibilities in accordance to the approved TORs.

The Board members had shown their time commitment by attending all their meetings. In future, the Board will consider engaging independent experts to facilitate its assessment.

As at the date of this report, the Board has yet to fulfil the requirement of 30% gender diversity. The Board is cognisant of this requirement and will endeavour to search for suitable and qualified women director to join the Board.

The results of Director's Peer Evaluation for the Financial Year ended 31 December 2020 were detailed as below:



Note: The results were based on average rating of all participating Directors.

- Contribution to Interaction**
Sharing of information of insights, participation in board activities, works constructively with peers, takes strong constructive stands at board or committee meetings, encourages feedback from the Board, encourages meetings to focus on the agenda and confronts conflicts and participate in finding resolutions.
- Quality of Input**
Providing logical honest opinions on issues presented; provides unique insight to issues presented; has valuable skills, prioritise context of issues to be in line with objectives; motivates others to get things done, is decisive and action-oriented; provides realism and practical advice to board deliberations; and applies analytical and conceptual skills to the decision-making process; as well as communicates persuasively in a clear and non-confrontational manner.
- Understanding of Role**
Contributes value add to board meetings; attends meeting well prepared; takes initiative to request for more information; ensures that individual contribution is relevant and up-to-date with developments; focuses on accomplishing the objectives; assess and link short-term issues to the long term strategy; as well as ensures performance of financial and human capital, keeping in mind the strategic plan when making investment decisions.
- Chairman's Role**
Chairman's ability to lead the Board effectively; encouraging contribution from all members and that the Chairman and Group MD have a good working relationship and they understand their respective roles.

REMUNERATING OUR BOARD

The Group recognizes that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurate with their experience, skills and responsibilities as well as benchmarking against industry's standards. In view of this, the remuneration package for Group MD and directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant position with similar industry and business size. It is structured on the basis of linking rewards to corporate and individual performance. The performance and remuneration package of the Group MD is subject to evaluation and determination of the NRC.

For Non-Executive Directors including the Chairman, the level of remuneration reflects their knowledge, experience and level of responsibilities. In addition, the remuneration is benchmarked against industry's peers of similar size as well as complexity of the Group's businesses. The remuneration of Non-Executive Directors consists of fixed annual directors' fees and meeting allowances for each Board or Board Committee meeting attended.

The Board as a whole determines the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees and allowances payable to the Non-Executive Directors are subject to the prior approval of shareholders at the AGM of the Group. The amount of fees is benchmarked against public listed companies of similar size and industry.

In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities over financial reporting, internal control system, risk management system, internal and external audit function. The AC's fees are also subject to shareholders' approval and payable annually together with the payment of the directors' fees.

The fees will be reviewed as and when the need arises.

The details of the Directors' remuneration for the financial year 2020 are disclosed in the CG Report, which is available in the Company's website at

 <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

Board Chairman

RM180,000 per year

Non-Executive Director

RM100,000 per year

Meeting allowance

RM500 per meeting

AC Chairman

RM6,000 per year

AC Member

RM3,000 per year

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC was led by Dato' Siow Kim Lun, who was not the Chairman of the Board. The other members of the AC were Dato' Ir Goh Chye Koon, Dato' Dr Johari Basri and Dr Sarinder Kumari, all of whom were Independent Non-Executive Directors. The composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Listing Requirements. The AC Chairman was approved and recognised by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii) of the Listing Requirements whereby he has relevant expertise in accounting and financial management domain.

The Board has a policy requiring a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

The AC has explicit authority to investigate any matter within its TOR. Management provides their fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and has full discretion to invite any executive officer to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

In financial year 2020, the AC met the external auditors separately twice, on 20 February 2020 and 6 April 2020 and once is internal auditors on 19 November 2020 without the presence of the Management. The AC discussed on the reasonableness of the financial reporting process, the system of internal controls, management co-operation in the audit process and significant comments and recommendations submitted by both the internal and external auditors.

In assessing the suitability of the External Auditors, the AC is guided by the Policy on Selection of External Auditors. It also monitors the provision of non-audit services by the External Auditors to ensure that the non-audit services fees do not exceed 50% of the total audit fees payable to them.

During the year, the AC assessed the suitability of re-appointing Messrs BDO PLT ("BDO") as External Auditor for financial year 2020. The assessment was based on the audit quality, past performance, effectiveness and independence of the External Auditors. The annual assessment of the performance of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, timely delivery, fees and adequacy of resources. The AC had also considered the non-audit services provided by the External Auditors during the financial year.

The outcome of the assessment was tabled to the AC on 6 April 2020. There were no major concerns highlighted in the External Auditors Assessment Report. The AC was generally satisfied with the performance of the External Auditors for financial year ended 31 December 2019. Therefore, the AC had recommended for shareholders' approval at the 6th AGM of the Company held on 5 August 2020, the proposed re-appointment of BDO as External Auditors for financial year 2020.

The External Auditors has a policy of rotating their engaging partner in charge of the audited financial statements of the Company and the Group once every seven (7) years to maintain their independence from the Group. Nevertheless, the Board has an option of rotating an audit firm at its own discretion. The current audit engagement partner has held the position for only six (6) years.

In addition, the External Auditors will be invited to attend the Company's AGM/Extraordinary General Meeting(s) and will be available to answer any questions from the shareholders on the conduct of the statutory audit and the contents of the audited financial statements as well as any corporate exercise undertaken by the Group where the External Auditors are involved.

The Board, through its NRC, reviews annually the performance of the AC. The evaluation covered key aspects such as the members' financial literacy levels, ability and skills to pose probing questions, competencies in grasping complex audit issues as well as having relevant up-to date knowledge to discharge their duties and responsibilities under its TOR. Based on the assessment for financial year 2020, the Board was satisfied with the performance and effectiveness of the AC.

 The detailed report of the AC is set out in the Audit Committee Report section on page 141 of this Integrated Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board remains committed towards maintaining a sound risk management and internal control systems and policies to safeguard the shareholders interest. The Group maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, regulatory, compliance and information technology risks to safeguard the stakeholders' interests.

The Board supported by the AC and the RMC, recognises that the risk management and internal control systems established can provide only reasonable assurance that the Group will not be significantly affected by any event that can be reasonably foreseen or anticipated. There are no systems of risk management and internal controls that can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board through the AC and RMC, has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal controls systems. The RMC oversees the adequacy and effectiveness of the risk management framework, systems and policies of the Group. The AC is tasked with the responsibility of evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets. The IAD which is in-charge

of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The RMC is assisted by the Risk Management Working Group ("RMWG") at the operational level. The RMWG identifies, mitigates and monitors the critical risks highlighted by each Business Divisions. The Board through the RMC, has received assurances from the Group MD and the CFO that the risk management framework and internal controls system of the Group are operating adequately and effectively.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audit exercises. The risk-based internal audit plan that includes internal audit coverage and scope of work were presented to the AC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The internal auditors and Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

 Details of the Risk Management Framework and internal controls system of the Group are as set out in the Statement on Risk Management and Internal Control section on page 149 of this Integrated Report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") has oversight on the Group's risk management framework and policies. The RMC comprised exclusively Non-Executive Directors. The RMC was headed by Dr Sarinder Kumari, with Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dato' Dr Johari Basri and Evan Cheah Yean Shin as members.

The Group's overall risk management processes is the responsibility of the Board undertaken through the RMC. The RMC supports the Board and management in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of and recommends for the Board's approval, the risk appetite of various risks identified. It exercises oversight on how this is operationalised into individual risk appetite limits.

<p>The RMC, with the assistance of the Risk Management Working Group:</p> <ul style="list-style-type: none"> (i) Evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of the Group's strategic objectives; (ii) Ensures an appropriate and effective risk management framework is established and maintained; 	<ul style="list-style-type: none"> (iii) Monitors the design and implementation of the risk management framework; (iv) Oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a quarterly basis for review and discussion; and (v) Reviews and approves the Statement of Risk Management and Internal Control.
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<p>During the financial year 2020, five (5) meetings were held to deliberate on the following matters:</p> <ul style="list-style-type: none"> (i) Reviewed the risk category and risk appetite of the Group; (ii) Reviewed and deliberated the quarterly risk report which explained the identified principal risks at operational levels, the corresponding rating for each risk as well as the control and mitigation action plans taken; 	<ul style="list-style-type: none"> (iii) Reviewed and endorsed the Statement on Risk Management and Internal Control to be included in the Group's Annual Report 2019; (iv) Reviewed and update the RMC's TOR to be in line with the regulatory and CG Code requirements; and (v) Deliberated and reviewed with Management, a detailed report on a worksite accident which happened during the year. A detailed preventive action plan and a revised worksite safety procedures were discussed and approved to minimise such accident happening in the future.
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<p>During the year under review, the RMC discussed the findings and the impact of the following potential risks:</p> <ul style="list-style-type: none"> (i) Delay in project delivery resulting in liquidated ascertained damages (LAD) and reputational risk; (ii) Staff & skilled personnel turnover; (iii) Cost overrun risk; 	<ul style="list-style-type: none"> (iv) Lack of return on investment of idling machineries/assets; (v) Reliability of subcontractors; (vi) Sub-contractors' workers' accreditation from Construction Industry Development Board; (vii) Foreign workers working permit; and (viii) Scarcity of construction projects in the market.
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 For more details of the Risk Management Framework and Internal Controls system of the Group, please refer to the Statement on Risk Management and Internal Control on page 149.

INTEGRITY IN CORPORATE REPORTING AND
MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of maintaining accountability to the shareholders of the Company, and promoting regular, effective and fair communication with shareholders and all stakeholders. The Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public in its effort to strengthen its relationship with the shareholders.

The Board has in place a Corporate Disclosure Policy which covers the Company's approach toward the determination and timely dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours or adverse or inaccurate publicity as well as restrictions on insider trading.

The communication channels used in the Company's engagement with its stakeholders include:

- (a) The Company's website;
- (b) Establishment of an investor relations division;
- (c) Announcements via Bursa LINK;
- (d) Integrated reports;
- (e) General meetings;
- (f) Investors, analysts and media briefings;
- (g) Domestic and overseas roadshows and investors conference; and
- (h) Investor Relations Mobile Application

The Company maintains a corporate website, <https://www.sunwayconstruction.com.my> to disseminate information and enhance its investor relations. All disclosures, material information and announcements made to Bursa Securities via Bursa LINK are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. There is an Investor Relations section on the website which provides the Group's investor relations efforts as well as all relevant information about the Group, such as financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centre. The information is easily accessible by the public. Minutes of AGM, Integrated reports and circulars to shareholders are also made available at this website for review.

In addition, the Company also announces the targeted date for release of the financial results of the Company two (2) weeks in advance prior to each Board meeting in order to keep the shareholders or investing public aware of the timing of the release of the financial results.

The Board recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified. The management has ongoing responsibility for ensuring that information in the Company's website is up to date.

While the Company endeavours to provide as much information as possible to the shareholders and stakeholders of the Company, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Company has also in place an insider trading policy to safeguard confidentiality of the material and price-sensitive information of the Company.

The Company has in place an Investor Relations team supporting the Group MD and the CFO to facilitate effective communication with shareholders, potential investors, analysts, fund managers and the media. In addition, the email address, name and contact number of the Investor Relationships Officer is listed in the Company's website to enable the public to forward queries relating to the Company.

The Company also disseminates Quarterly Report and Corporate Presentation to all research analysts and investors via email communication as soon as the information is released to Bursa Securities. The Company also provides research analysts and investors continuous updates on the latest order book secured and outstanding order book. During the financial year 2020, the Company had participated in various investor conference and road shows in Malaysia.

INVESTOR RELATIONS (“IR”)

SunCon places great emphasis on timely and effective communication related to the Group’s financial performance, business strategies and future prospects as these are essential in maintaining good relationships with our stakeholders. Our approach is to allow investors and research analysts to have equal access to information in a transparent and non-discriminative environment as this is important for the success and growth of a company.

SunCon’s IR team has been actively promoting fair valuation for SunCon and attracting new investors who believe in our operational model and business strategies.

IR ACTIVITIES

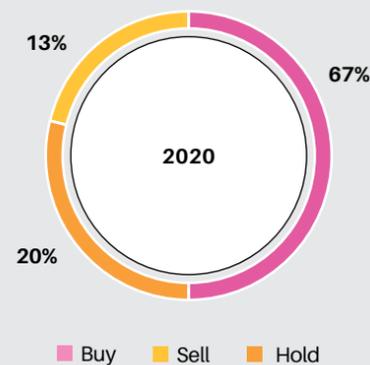
In 2020, we attended 9 events which is depicted below. As this is our 6th year after listing, many analysts and fund managers have already been acquainted with SunCon. Also, due to the COVID-19 pandemic, we were mostly working from home to reduce the risk of getting infected and to maintain social distancing which resulted in reduction of the number physical conferences during the year. Despite that, we continued to have virtual meetings with our analysts and fund managers to keep them informed on our updates especially during the numerous MCO periods. We hosted a total of 20 meetings with analysts and fund managers during the year, mostly on virtual platforms.

No.	Organiser	Event	Date	Venue
1	UBS Securities	Construction Day	06 February 2020	Malaysia
2	RHB Investment Bank	Retail Day	05 June 2020	Webinar
3	Affin Hwang	Bursa-Daiwa-Affin Hwang Corporate Day	11 June 2020	Webinar
4	Maybank	Invest Malaysia Virtual Series	07 July 2020	Webinar
5	Nomura	Nomura Regional Industrials Corporate Day	24 September 2020	Webinar
6	UOB Khay Hian	A day with Sunway Construction	28 September 2020	Malaysia
7	Affin Hwang	Affin Hwang Property and REITs Conference	29 September 2020	Webinar
8	UBS	MY Renewable Energy Contractors	20 November 2020	Webinar
9	KAF	KAF Virtual Series	03 December 2020	Webinar

RESEARCH COVERAGE

The number of research coverage still remained as 15 research institutions from 2019 to 2020. The research institutions include:

- Affin Hwang Investment Bank
- Maybank Investment
- Nomura Securities
- Credit Suisse Securities (new initiation in 2020)
- AllianceDBS Group Research
- Kenanga Research
- CLSA Securities
- Hong Leong Investment Bank
- MIDF Research
- RHB Research Institute
- AmInvestment Bank
- TA Securities
- UOB KayHian
- Macquarie Research
- BIMB Securities Research



AWARDS AND RECOGNITION

SunCon believes in transparent and comprehensive reporting and strives to provide accurate and timely disclosures to all stakeholders at all times. As such, we have been very honored to receive several awards during the year.

SunCon was recognized for adhering to high standards of Corporate Governance (CG) at the prestigious Minority Shareholders Watch Group (MSWG) – ASEAN Corporate Governance Awards 2019, for the fourth consecutive year. SunCon clinched the Industry Excellence Award 2019 for the Construction category and ranked 10th in the list of Top 100 companies for overall CG & Performance in 2019 for adopting and disclosing best corporate governance practices and processes. SunCon also bagged the Platinum Excellence Award for its 2019 Annual Report in the 2020 National Annual Corporate Report Awards (NACRA) under the category of Companies with less than RM 2 billion in Market Capitalisation.

INDEX INCLUSION

SunCon ceased to be a constituent of the FTSE4Good Index series which we have been a constituent of for 5 consecutive years ever since our listing. The exclusion from the Index was not due to a drop in the Environment, Social and Governance (ESG) Rating but because we were removed from the underlying Indexes, which in this case is the FTSE EMAS Index, for not passing the liquidity screening. In fact, our ESG rating is above the threshold required for index inclusion as confirmed by FTSE Russell during the semi-annual review of the FTSE4Good Inclusion Index Series. Nevertheless, SunCon will continue to keep our focus on sustainability themes as we are committed to being a responsible corporate entity. Our commitment to sustainability is demonstrated through multiple sustainability awards that we have secured for the past few years. SunCon hopes to be reinstated into the FTSE4Good Index series in their next nearest review. SunCon currently remains as a constituent of the MSCI Malaysia Small Cap Index.

FINANCIAL ANNOUNCEMENT

SunCon continues to engage with its stakeholders through a series of investor relations activity throughout the year. All major announcements such as the release of the quarterly results, new construction orders or new ventures are published on Bursa Malaysia. The information will then be disseminated in the form of flashnotes to all interested parties. We also ensure that these documents are immediately made available on the Group’s Investor Relations websites.

SunCon conducted its 6th Annual General Meeting on the 5 August 2020 virtually as part of the Group’s necessary precaution to safeguard the wellbeing of its shareholders amidst the COVID-19 pandemic. The virtual meeting was broadcasted live from Menara Sunway and shareholders were able to follow the proceeds via live streaming as well as participate and vote online. Our Managing Director presented the financial performance and review of 2019 as well as future prospects. The Board of Directors and management also duly responded to all the queries, opinions and feedback from the shareholders.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The table below illustrates our method of engagement with each stakeholder group, frequency of engagement, their expectations and the manner in which we address their expectations.

Stakeholder	Their Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Clients	<ul style="list-style-type: none"> Proper project management Project completion in compliance with standards, high quality and on time delivery Safety and security of sites Compliance with Environmental, Safety and Health laws and regulations 	Client Satisfaction Survey (CSS)	• Annually	<ul style="list-style-type: none"> Continuous monitoring of Client Satisfaction Survey (CSS) score and quality performance: <ul style="list-style-type: none"> Achieved score of 96.1% for CSS ESH campaigns were conducted at our projects as an engagement platform with clients and workforce
		Quality Assessment System in Construction (QLASSIC)	• Project completion	
		Progress meetings and updates	• Monthly/weekly	
		Progress reports	• Monthly	
		Site walk with Top Management	• Monthly	
		Town hall	• Annually	
		Environmental, Safety and Health (ESH) Campaign	• Annually	
Authorities & Regulators	<ul style="list-style-type: none"> Compliance with guidelines and regulations 	Inspections	• As per the operational requirements	<ul style="list-style-type: none"> Collaboration with authorities and regulators Engagement sessions with surrounding community of project sites, where we communicate our control measures on environmental concerns, security issues and provide project updates to the residents Ensure operational activities are conducted in compliance with legal and other requirements
		Training, seminar and workshops	• Ongoing	
		Reports submissions	• Monthly	
		Site visits and audits	• Spot checks/ Ongoing	
		Engagement with Department of Occupational Safety and Health (DOSH), Department of Environment (DOE), Ministry of Health (MOH) and BOMBA	• As and when necessary	
		Spot checks by Malaysian Immigration Department	• Ad-hoc	
		Green Card Certification training with Construction Industry Development Board (CIDB)	• As and when necessary	

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Stakeholder	Their Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Shareholders, Investors & Analysts	<ul style="list-style-type: none"> Effective communication and business strategies Timely and transparent reporting Strong corporate governance Prudent Risk Management Market and business performance outlook and strategies 	Statutory Announcements	• As and when necessary	<ul style="list-style-type: none"> Provide timely updates of business performance: <ul style="list-style-type: none"> 154 Bursa announcements in 2020 Regular engagement with shareholders, investors and analysts: <ul style="list-style-type: none"> Analyst house that covers SunCon: 15 out of which 10 were buy call 20 virtual meetings Attended 2 physical and 7 virtual conferences all in Malaysia
		Annual General Meetings	• Annually or when any changes occur in the Group	
		Corporate Events	• Annually	
		Small group meetings	• As and when necessary upon request by bankers and analysts	
		Conferences	• Ad-hoc	
		One-on-one management meetings	• Ad-hoc	
		Employees	<ul style="list-style-type: none"> Career development and progression Knowledge and skills enhancement Fair remuneration Work-life balance Safe, healthy and conducive workplace 	
Dialogue and engagement	• 4 sessions			
ESH committee meeting	• Monthly			
Town hall	• Annually			
SunCon Social Club	• 6 programmes			
Festive celebrations	• Annually			
Training programmes	• As per the training plan			
Suppliers & Subcontractors	<ul style="list-style-type: none"> Ensure sustainable procurement practices and supply chain management Maintain good partnership Safe working environment Professional and transparent procurement process Timely payment 	Business partner satisfaction survey	• Biennially	<ul style="list-style-type: none"> Continually review current processes to achieve win-win solution Provision of transparent supply chain and contract management Continual implementation of the E-bidding system to ensure transparency and paperless transactions Continual implementation of Esker software for payment processes for timely payments Provision of environment friendly, safe and healthy workplace for workforce
		ESH committee meeting	• Monthly	
		Regular engagement with suppliers and subcontractors to understand their needs	• Daily/Weekly	

Stakeholder	Their Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Trade Union & Professional Bodies	<ul style="list-style-type: none"> Sharing of best practice and knowledge to improve the industry as a whole Implementation of policies and requirements by relevant agencies or professional bodies 	Dialogue	• Ad-hoc	<ul style="list-style-type: none"> Association with professional bodies SunCon's representation in Masters Builders Association of Malaysia (MBAM): <ol style="list-style-type: none"> Mr Steven Shee Boo Cheong - Vice President & Chairman of Publications, ICT & Data Resource Centre Committee Mr Chung Soo Kiong - Deputy Chairman of International Affair Committee and Chairman of MBAM Building Technical Sub Committee Ms Tan Siew Lian - Member of Material Resources & Exhibition Committee Major (R) Leong Yee Keong - Deputy Chairman II of Safety and Health Committee and Member of MBAM Building Technical Sub Committee Foster good relations with industry peers
		Meetings	• Ad-hoc	
		Training	• As and when needs arise	
		Project site visits	• Spot-check	
General Public	<ul style="list-style-type: none"> Responsible corporate governance Project transparency and progress updates Timely feedback resolution Safe construction practices Talent attraction 	Complaint management system for MRT and LRT projects	<ul style="list-style-type: none"> Throughout the project's construction phase Continually 	<ul style="list-style-type: none"> Dialogue with general public via calls, mail drops, and radio announcements on project information and updates Town hall session before project commences to notify residents about project Information box updates every 3 months to update on project progress and any changes Social media serves as platform to attract potential talents
		Mail drops to provide project updates and information		
		Media communication via radio announcements		
		Resident town halls		
		Information box at public areas around project site		
		Social media		
Media	<ul style="list-style-type: none"> Immediate notification of financial releases and material developments Timely and transparent communication 	Press release	<ul style="list-style-type: none"> Quarterly/annually As and when necessary 	<ul style="list-style-type: none"> Direct engagement and timely press releases: <ul style="list-style-type: none"> 8 press releases in 2020 (including announcement to Bursa) No. of exclusive interviews in 2020 : Nil
		Media coverage	• As and when necessary	

Stakeholder	Their Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Community	<ul style="list-style-type: none"> Responsible corporate citizen which gives back to the community Responsible for the livelihood of the surrounding community throughout the construction phase Public safety 	Sponsorship and donations Community service	<ul style="list-style-type: none"> Annually Ad-hoc 	<ul style="list-style-type: none"> Provision of sponsorships and donations: <ul style="list-style-type: none"> Contributed more than RM590,000 in community engagement, including RM 250,000 to the National Disaster Relief Fund for COVID-19 aid packages Continue to support the Jeffrey Cheah Foundation in ensuring quality education Collaboration with Local NGO to donate essentials to 55 Orang Asli families
		Community building	Project-to-project basis	
Business Partners	<ul style="list-style-type: none"> Adherence to corporate governance and national regulations Transparent Joint Venture (JV) relationship Open knowledge sharing between industries Meeting targets and expectations 	JV-client meetings	<ul style="list-style-type: none"> As and when necessary 	<ul style="list-style-type: none"> Foster collaborative partnerships: <ul style="list-style-type: none"> JV with HL Building Materials Pte. Ltd. for the development of ICPH JV with RNS Infrastructure Ltd for the construction of 2 highway projects in India on the Hybrid Annuity Model (HAM) approach Established Sunway Pekat Solar Sdn Bhd through JV with Pekat Teknologi Sdn Bhd to focus on renewable energy Signed MoU with ENGIE South East Asia to advance district cooling technology in Malaysia
Civil Society Organisations (CSO)	<ul style="list-style-type: none"> Employment opportunities to local community Responsible corporate citizen which concerns with the quality of life of the unprivileged community and strive to enrich lives through community service 	<ul style="list-style-type: none"> Skim Latihan 1 Malaysia (SL1M) Community building 	<ul style="list-style-type: none"> On-going Project-to-project basis 	<ul style="list-style-type: none"> Provision of platform to connect youth to better employment by enhancing young graduates' employability skills

30th September 2020
MSWG-ASEAN Corporate Governance Awards 2019



SunCon was recognised for adhering to high standards of Corporate Governance (CG) at the prestigious Minority Shareholders Watch Group (MSWG) - ASEAN Corporate Governance Awards 2019, for the fourth consecutive year. SunCon clinched the Industry Excellence Award 2019 for the Construction category and ranked 10th in the list of Top 100 companies for overall CG & Performance in 2019 for adopting and disclosing best corporate governance practices and processes.

CONDUCT OF GENERAL MEETINGS

The Board encourages shareholders' participation in general meetings. The AGM of the Company provides a principal forum for shareholders to share their views. It also provides open dialogue opportunity and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

In providing a more efficient and wide spread shareholders' participation, the Company has introduced online polling. Due to the COVID-19 pandemic in 2020, the Company had leveraged on digital technology to conduct its 6th AGM on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facility. This virtual meeting had enabled shareholders to participate remotely wherever they were. A shareholder who was not able to participate in the AGM was given the option of appointing a proxy to participate remotely and vote online on his or her behalf.

In 2020, the Company served notice of its 6th AGM more than 28 days before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the Listing Requirements. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2019 and to make necessary registration to participate in the virtual meeting. The Company also distributed together with the notice of 6th AGM, an Administrative Guide, which furnished useful information regarding the conduct of the 6th AGM, such as details of the virtual meeting, shareholders' entitlement to participate and vote in the virtual meeting, their right to appoint proxy, steps and procedures to access and vote in the virtual AGM.

At the commencement of the 6th AGM, the Group MD gave a detailed presentation of the Company and of the Group's financial performance for financial year ended 31 December 2019.

The Chairman provided ample time and opportunity for the Questions and Answers sessions during the AGM. All the Directors together with the Group MD, CFO and External Auditors were present to respond to all questions asked by shareholders. Shareholders are also encouraged to send in their questions prior to the AGM via email or through the online platform provided by the Company's Share Registrar. All suggestions and comments given by the shareholders were also noted by management for consideration.

In addition, any written questions raised by the Minority Shareholder Watch Group were presented to the shareholders at the general meetings together with the Group's response.

All resolutions set out in the notice of the 6th AGM were voted remotely by poll. Messrs. BDO Consulting Sdn Bhd, an independent external scrutineer was appointed to validate the votes for each resolution. The Company's Share Registrar, Sunway Management Sdn Bhd was the Polling Administrator for the conduct of the online polling.

The Minutes of the 6th AGM and Group MD's presentation were also made available on the Company's website at <https://www.sunwayconstruction.com.my/investor-relations/minutes-corporate-presentations> for the information of the public.

5th August 2020
SunCon's 6th Annual General Meeting (AGM)

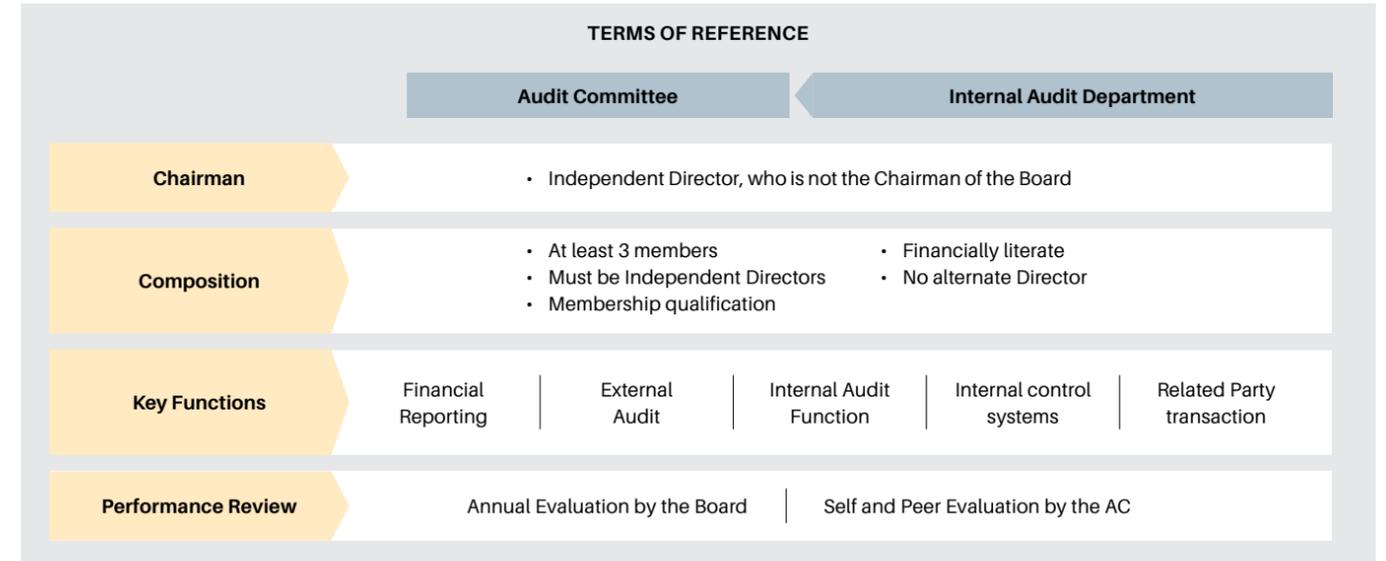


SunCon's 6th AGM was conducted virtually as part of the Company's necessary precaution to safeguard the wellbeing of its shareholders amidst the COVID-19 pandemic. The virtual meeting was broadcasted live from Menara Sunway and shareholders were able to follow the proceeds via live streaming as well as participate and vote online.

<https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Sunway Construction Group Berhad ("Company") is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") has discharged its oversight functions during the financial year ended 31 December 2020.



COMPOSITION

The AC comprises four (4) members, all of them are Independent Non-Executive Directors. The current composition of the AC is as follows:

- | | |
|--|--|
| 1. Dato' Siow Kim Lun - Chairman (Independent Non-Executive Director) | 3. Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director) |
| 2. Dato' Ir Goh Chye Koon (Chairman of the Board/Independent Non-Executive Director) | 4. Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) |

The composition of the AC complied with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices set out in the Malaysian Code on Corporate Governance ("CG Code"):

Requirements	Commentary
Paragraphs 15.09(1) (a) & (b) of Listing Requirements	<ul style="list-style-type: none"> The AC comprises four (4) members, all of them are Independent Non-Executive Directors. This has fulfilled the requirements of at least three (3) members in the AC and majority of them should be Independent Non-Executive Directors.
Paragraph 15.09(1) (c) of Listing Requirements	<ul style="list-style-type: none"> Dato' Siow Kim Lun, the Chairman of the AC, has been approved and recognized by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii) of the Listing Requirements.
Practice 8.1 of CG Code	<ul style="list-style-type: none"> Dato' Siow Kim Lun, the Chairman of the AC, is not the Chairman of the Board.
Practice 8.2 of CG Code	<ul style="list-style-type: none"> Since the incorporation of the Company, none of the members of the Board were former key audit partners.
Practice 8.3 of CG Code	<ul style="list-style-type: none"> The AC has in place policies and procedures to assess the suitability, objectivity and independence of the external auditor.
Practice 8.5 of CG Code	<ul style="list-style-type: none"> All members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. They have attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies on areas relevant to the Group's business, Directors' roles, responsibilities, effectiveness and/or corporate governance issues.

TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its Terms of Reference ("TOR") which are set out in the Company's website at www.sunwayconstruction.com.my.

MEETINGS AND ATTENDANCE

A total of 5 AC meetings were held during the financial year under review. The members of the AC and their attendance record are as follows:

Name of Committee Members	Membership	Number of Meeting Attended	Percentage of Attendance
Dato' Siow Kim Lun	Chairman	5/5	100%
Dato' Ir Goh Chye Koon	Member	5/5	100%
Dato' Dr Johari Bin Basri	Member	5/5	100%
Dr Sarinder Kumari A/P Oam Parkash	Member	5/5	100%

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
Group Managing Director ("Group MD"), Chief Finance Officer ("CFO") and Managing Director ("MD") of main subsidiary, Sunway Construction Sdn Bhd ("SCSB")	All meetings	To provide clarification on risks, internal controls and audit issues relating to the Company and its subsidiaries' ("Group") finance and business operations.
Head of Internal Audit Department ("IAD") and team members	All meetings	To present the internal audit reports, annual audit plan and investigation reports, if any.
External Auditors	3 meetings	To present to the AC the audit plan, the audit findings, the independent auditors' report as well as any other matters in respect of the Company as they considered were important for the AC's attention.
Senior Management Officers	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibility arising from the internal audit reports or any matters of interest.

The minutes of each AC meeting were recorded and tabled to the AC for adoption at subsequent AC meetings and thereafter all minutes of AC meetings were presented to the Board for discussion and notation. The Chairman of the AC reported the AC's recommendations to the Board for its consideration and implementation as well as highlighted the significant matters and resolutions deliberated by the AC to the Board at its immediate subsequent meeting.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2020, the AC carried out the following activities in the discharge of its functions and duties as per its TOR:

1. FINANCIAL REPORTING

(a) Quarterly Financial Results

At the quarterly meetings of the AC held on 20 February 2020, 21 May 2020, 18 August 2020 and 19 November 2020, the AC reviewed and discussed with Management the respective quarterly management accounts and quarterly financial results, taking into consideration that the necessary process and controls were in place in the preparation of the financial reports.

At each of the meetings, the CFO presented the financial reports and confirmed to the AC, the following matters:

- i) The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for the financial year 2020;
- ii) There were no significant and unusual issues other than those reported in the financial statements;
- iii) The Company and the Group continued to operate as going concern; and
- iv) The accounting standards, regulatory and other legal requirements had been complied with in preparation of the financial statements.

The AC reviewed the financial results and focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters. The AC was satisfied that the unaudited quarterly financial results had been prepared in accordance with the Listing Requirements and the relevant approved accounting standards so as to give a true and fair view of the financial position of the Group and of its financial performance and cash flows for each quarter. The AC's recommendations of the quarterly financial results were presented to the Board for approval at each subsequent Board meetings for release to Bursa Securities.

(b) Audited Financial Statements

On 6 April 2020, the AC, together with the External Auditors and Management, reviewed and deliberated on the annual audited financial statements for the financial year ended 31 December 2019 ("FYE2019") prior to submission to the Board for consideration and approval.

The AC discussed the significant audit findings, key audit matters raised by the External Auditors and the adoption of new accounting standards as well as the disclosure required in the Independent Auditors' Report of the Group's audited financial statements for FYE2019.

At the aforesaid meeting, the Management and External Auditors confirmed that the draft audited financial statements for FYE2019 was prepared in accordance with the relevant accounting standards and statutory requirements. Thereafter, the AC recommended the same for approval by the Board and subsequent tabling at the 6th Annual General Meeting of the Company held virtually on 5 August 2020.

(c) Accounting Standards and Other Relevant Regulatory Requirements

The AC also reviewed and took note of the changes and amendments to the regulations, accounting standards and other regulatory requirements tabled by the External Auditors and the CFO that could have financial impact on the Group.

On 20 February 2020, the External Auditors briefed the AC on the impact of the first time adoption of MFRS 16 *Leases* on the audited financial statements of the Group for FYE2019. After due assessment and review, it was concluded that there was no significant impact on the financial statements of the Group.

On 6 April 2020, the External Auditors updated the AC on the financial reporting updates in view of the Coronavirus Disease ("COVID-19") pandemic.

On 19 November 2020, the External Auditors updated the AC on the following amended financial reporting standards which would be adopted by the Group in 2020:

Financial Reporting Standards	Effective Date
• Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
• Amendments to MFRS 101 and 108 <i>Definition of Material</i>	
• Amendments to MFRS 16 <i>Leases</i> - to allow lessees to account for COVID-19 related rent concessions such as rent holidays and temporary rent reductions	1 June 2020

2. EXTERNAL AUDIT

(a) The AC met with the External Auditors, Messrs BDO PLT on the following dates:

- The AC on 20 February 2020, reviewed and deliberated with the Management and the External Auditors, the Audit Report by the External Auditors in respect of their audit for the FYE2019.

In the meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for the FYE2019. The External Auditors also reported their audit status versus the audit plan. The AC was briefed by the External Auditors on the findings on areas of significant auditor attention, key audit matters, impact on financials from the adoption of new accounting standards i.e. MFRS 16 Leases, improvement recommended for internal control, etc. which they had identified during the course of their audit and the justifications provided by the Management.

The External Auditors had subsequently confirmed that they were not aware of any non-compliance of laws and regulations, as well as any material litigations and claims against the Group other than those brought forward from prior financial years.

The AC and Management had also confirmed that they were not aware of any non-compliance of laws and regulations or any significant fraud related matters.

- The AC on 6 April 2020, discussed with the External Auditors, the final draft of the audited financial statements for FYE2019. It was noted that there was no deviation between the audited financial results for FYE2019 and the unaudited fourth quarter results for the period ended 31 December 2019.

The External Auditors was of the opinion that the Company's Annual Financial Statements FYE2019 provided a true and fair view of the financial position of the Company and of its group in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

Based on its annual audit, the External Auditors reported the following key audit matter and its audit response in its Independent Auditors' Report for the FYE2019.

- **Revenue Recognition for Construction Contracts**

The revenue and profit recognition on construction contracts required Management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there was any exposure to liquidated ascertained damages (LAD). The progress towards complete satisfaction of performance obligations was measured using the output method, which was based on the contract work certified to-date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considered the estimated contract work completed to-date and the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

- On 19 November 2020, the AC reviewed and discussed with the External Auditors and Management, the Audit Planning for financial year 31 December 2020 which outlined the External Auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team, reporting and deliverables, auditing updates and financial reporting updates.
- The AC had two (2) private sessions with the External Auditors during the financial year to discuss any issues as well as reservations arising from their audit without the presence of Management and the Executive Board Members on 20 February 2020 and 6 April 2020. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from the Management and had unrestricted access to all the Company's records.
- The AC had, at its meeting held on 6 April 2020, reviewed the audit and non-audit fees for the FYE2019. The AC having considered the nature, scope and amount of non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the External Auditors.

(d) The AC undertook an annual assessment on the quality of audit of the External Auditors. The External Auditors were assessed based on the following criteria:

- Audit performance;
- Quality of communication;
- Independence;
- Objectivity;
- Professionalism; and
- Adequacy of resources.

The External Auditors had provided to the AC, their firm's policies and written confirmation on their independence and the measures undertaken to control the quality of their work.

The results of the evaluation were tabled to the AC at its meeting held on 6 April 2020. Based on the results of the performance assessment, the AC and Management were satisfied with the External Auditors' independence, performance and their audit quality for the FYE2019.

As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed as the Group's statutory auditors for the financial year 2020 subject to the shareholders' approval at the 6th Annual General Meeting of the Company.

3. INTERNAL AUDIT

(a) The AC approved the IAD's 2020 Internal Audit Plan at its meeting held on 20 February 2020. The 2020 Internal Audit Plan was developed using a risk based audit approach and complies with best practices of the International Standard for the Professional Practice of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA). Accordingly, the audit planning processes include developing an audit universe and assess risks based on various parameters. The key audit areas focus on the following:

- Tender & Award;
- Project Performance Review;
- Resource Management;
- Sub-contractors' Certifications; and
- Payment.

The AC reviewed the adequacy and relevance of the scope and resources allocated for the plan. Subsequently, the plan and its proposed audit timetable and the budgeted man-hours was approved by the AC.

The 2020 Internal Audit Plan was also reviewed on a quarterly basis taking into account any developments which would have an impact on the audit coverage.

The IAD's audit assignments for 2020 were mainly carried out in the following areas:

- Review of processes for tendering and awarding of contracts to subcontractors to ensure internal controls are adequate and effective and complied with existing policy and procedures. Contracts reviewed during the year included those awarded within all major on-going projects and key trades such as structural, mechanical and engineering and architectural;
- Review of project performances and processes over budgetary control, major materials management and resources management to ensure internal controls are adequate and effective and complied with existing policy and procedures;
- Site visits at selected projects to review internal controls over the management of materials, labour and machineries;
- Review of the internal controls over the management of project site float and expenditure claims at various project sites;
- Review of the payment processes ensuring adequate controls and compliance to policy and procedures;
- Carried out follow-up audits on previous audit findings in previous audit reports ensuring that corrective actions were properly and timely implemented by management; and
- Performed compliance and governance related assignments such as review of recurrent related party transactions, fraud risk assessment and anti-bribery programme implementation.

(b) The AC reviewed the results of audit engagements carried out by IAD at every quarterly meeting and discussed the major findings and audit recommendations. The AC also reviewed the status of implementation of corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all areas of risk and internal control issues. In addition, the Head of IAD updated the AC on the progress of the 2020 Internal Audit Plan and results of ad-hoc assignments including audit investigations.

(c) At the meeting held on 6 April 2020, the Internal Audit Function Evaluation Report was tabled to the AC with regard to the assessment of the performance of the IAD. The AC assessed the effectiveness of the internal audit function in terms of scope and compliance with relevant regulatory standards as well as their collaboration with the External Auditors. The AC also assessed the adequacy of resources within the IAD, as well as the core skills and competencies of the IAD's staff.

The AC was satisfied with the performance of the IAD in 2019 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

At the same meeting, the Head of IAD confirmed to the AC that all the internal auditors had signed a declaration that they were and had been independent, objective and in compliance with the Code of Conduct and Business Ethics of the Group and the professional standards laid down by the Institute of Internal Auditors in carrying out their duties as internal auditors.

(d) At the meeting held on 19 November 2020, the Head of IAD briefed the AC on the report issued by Bursa Securities in respect of the Effectiveness on Internal Audit Function. At the same meeting, the AC also met with the Head and core team members of the IAD without the presence of the Management to facilitate discussions on additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.

4. REVIEWING RELATED PARTY TRANSACTION & CONFLICT OF INTEREST SITUATIONS

(a) The AC had at its meetings held on 20 February 2020, 21 May 2020, 18 August 2020 and 19 November 2020, deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.

All related party transactions and recurring related party transactions were found to have complied with the following criteria:

- (i) Carried out in compliance with the Listing Requirements of Bursa Securities and relevant rules and regulations;
- (ii) Transactions/arrangement were carried out on an arms' length basis and under normal commercial terms;
- (iii) Transactions/arrangement were in the best interest of the Company;
- (iv) Interested parties abstained from deliberation and voting;
- (v) Adequate disclosure via Bursa Announcements, Quarterly Results and Annual Report; and
- (vi) Prior approval by the shareholders, where applicable.

With the assistance of the IAD, the AC had satisfied itself the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

The AC took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Group MD at the quarterly meetings.

(b) On 20 February 2020, the AC reviewed and recommended to the Board for approval the Circular to Shareholders in respect of the proposed renewal of shareholders' mandate for recurrent related party transactions ("Proposed RRPT Mandate") as well as the statements made by the AC in respect of the Proposed RRPT Mandate.

The AC also reviewed and recommended to the Board for approval the draft Statement to Shareholders with regard to the proposed renewal of authority for the Company to purchase its own shares.

5. INTERNAL CONTROLS SYSTEM

(a) The AC had reviewed the Group's internal controls system quarterly together with the Internal Auditors and was reasonably assured that the same were operating adequately and effectively. The key operational processes reviewed were:

- Tender and Award - tender submissions, comparison of quotations, evaluation of tenderers, approval of awards;
- Subcontractors awarding, certification and payments;
- Resource Management - raw materials, labour, plant & machineries;
- Project budget assessment;
- Safety and security of project sites;
- Site float and expenditure claims; and
- Payments.

(b) On 20 February 2020, the AC reviewed and deliberated on matters relating to internal control system as highlighted by the External Auditors in the course of their statutory audit of the financial statements for FYE2019. The External Auditors highlighted areas for improvement and recommended several improvement control systems for consideration and implementation by the Group.

(c) AC also received assurance from the Group MD and the CFO provided assurance that the Group's risk management and internal controls system were operating adequately and effectively, in all material aspects.

6. OTHER MATTERS

(a) On the meetings held on 20 February 2020, 6 April 2020, 21 May 2020, 18 August 2020 and 19 November 2020, the AC was briefed by the Company Secretary of the following pronouncements:

- (i) Amendments to the Listing Requirements of Bursa Securities in relation to the anti-corruption measures. The amendments took effect on 1 June 2020;
- (ii) Introduction by the Securities Commission Malaysia ("SC") of the Annual General Meeting Corporate Governance Checklist for Shareholders ("AGM CG Checklist"). The AGM CG Checklist aimed to promote meaningful dialogue between shareholders and Board of Directors at the Annual General Meeting ("AGM");
- (iii) Press release by the Companies Commission of Malaysia ("CCM") on the following directives amid the COVID-19 pandemic:

- Closure of CCM offices nationwide during the Movement Control Order ("MCO") period;
- All transactions with CCM and lodgement of documents with the CCM will resume after the MCO;
- Moratorium period will be granted whereby late filing fee will be exempted during the moratorium period; and
- Companies could apply for an extension of time to hold their AGM more than 6 months from its financial year end after the MCO ends.

(iv) Voting policy of Employees Provident Fund Board on resolutions tabled at annual general meeting;

(v) Flexibilities granted by Bursa Securities as per its letters dated 17 March, 24 March and 26 March 2020 amid the COVID-19 pandemic:

- Echoing the directive of CCM in the AGM extension;
- Allowing listed issuer to separate its AGM notice from the annual report;
- Listed issuer might apply to Bursa Securities for an extension of time if it is unable to submit its quarterly report and annual report within the timeline; and
- Granted one-month extension for issuance of quarterly report and annual report that include financial statements which were due on 31 March and 30 April 2020;

(vi) Voting policy of Permodalan Nasional Berhad on resolutions tabled at AGM;

(vii) Amendments to the Listing Requirements of Bursa Securities in relation to the application of corporate exercises via electronic means. These amendments would be effective for any rights issue, issuance of convertible securities or Dividend Reinvestment Scheme on or after 2 February 2021;

(viii) Further flexibilities granted by Bursa Securities as per its letter dated 16 April 2020 on the following:

- Further extension of time for submission of quarterly and annual reports until 30 June 2020; and
- Allow listed issuer to seek higher general mandate of not more than 20% of the total number of issued shares for issue of new securities. This mandate shall be utilised until 31 December 2021.

(ix) Guidance on the Conduct of General Meetings issued by the SC on 18 April and 14 May 2020 for all listed issuers in conducting their general meetings during the period of MCO and outside MCO where safe distancing requirement is required;

(x) Initiatives introduced by the CCM on 10 April 2020 to ease the burden of the business community and corporate sector;

(xi) Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the SC on 30 July 2020;

(xii) Disclosure Guidance on COVID-19 Related Impacts and Investment (ICN 1/2020) issued by Bursa Securities;

(xiii) Amendments to the Listing Requirements of Bursa Securities in enhancing requirements for new issue of securities to facilitate better understanding of corporate proposals and addressing gaps and enhancing board integrity for greater shareholder protection and confidence;

(xiv) Further flexibility granted by Bursa Securities to facilitate secondary fund raising by eligible listed issuers through an enhanced rights issue framework; and

(xv) The Corporate Governance Monitor 2020 report issued by the SC on the level of adoption of most of the practices recommended in the CG Code.

(b) On 6 April 2020, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report 2019.

The AC also reviewed and recommended for the Board's approval, the Annual Report 2019 of the Company and the Corporate Governance Report which was published together with the Company's Annual Report in the Company's website.

At the same meeting, the AC was updated by the External Auditors on an issue filed by a shareholder to the Audit Oversight Board ("AOB") in respect of the technicality of the Independent Auditors' Report contained in the Company's Audited Financial Statements FYE2018 with regard to the Company's restated comparative financial information for FYE2017. It was noted that the AOB had requested the External Auditors to consult the Auditing and Assurance Standards Board of the Malaysian Institute of Accountants on the matter.

(c) On 19 November 2020, the AC conducted its annual review of its TOR. The TOR was amended to be in line with applicable rules and regulations.

In the AC meetings held on 18 August 2020, the Head of IAD and the Head of Anti-Bribery and Corruption Taskforce ("ABC Taskforce") updated the AC on the progress and completion of the Anti-Bribery and Corruption Compliance Programme ("ABC Compliance Programme").

Subsequent to the completion of the ABC Compliance Programme, the AC recommended to the Board for the dissolution of the ABC Taskforce. The AC further recommended the appointment of a designated Anti-Bribery and Corruption Compliance Officer to take charge of the anti-bribery and corruption compliance matter moving forward.

- (d) The AC was satisfied that there were no breaches of the Listing Requirements of Bursa Securities as reported by the Company Secretary at its quarterly meetings during the financial year.
- (e) Minutes of the previous AC's meetings were tabled at the subsequent Board meetings by the AC Chairman. Significant issues and concerns discussed during the AC meetings together with the recommendations were highlighted and reported to the Board.

PERFORMANCE EVALUATION

The Board, through its Nomination and Remuneration Committee ("NRC"), reviewed annually the terms of office of the AC. The NRC also assessed the performance of the AC as well as its members' skills set, experiences and competencies through an annual evaluation process. The members of the AC also undertook a Self and Peer Evaluation to assess whether the AC members had carried out their duties and responsibilities in accordance with its TOR. These assessments were facilitated by the Company Secretary.

The results of the assessment for 2020 was tabled to the NRC and the Board on 23 February 2021. The Board was satisfied that the AC had discharged its functions effectively and carried out its duties and responsibilities in accordance with its TOR.

CONTINUING EDUCATION

The details of training programmes and seminars attended by each AC member during the financial year ended 31 December 2020 are set out in page 125 of this Integrated Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Internal Audit ("IA") function is an integral part of the assurance framework and it is performed in-house and undertaken by IAD. The mission of IAD is to enhance and protect the Company and its Group's organizational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. IAD reports functionally to the AC and administratively to the Group MD.

The IAD is headed by Ms Celia Lee Kat Li who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The IAD has 5 auditors and most of the IAD staff have professional qualifications and are members of the Malaysian Institute of Accountants (MIA). The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (IIA) and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. The IAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. The IAD carried out its activities based on a risk-based annual audit plan approved by the AC. In ensuring that the responsibilities of the IAD are fully discharged, the AC reviews annually the adequacy of the scope, function and resources of the IA.

The internal audit reports were issued to the Management for their response, corrective actions and update on status of implementation of audit recommendations. The internal audit reports were subsequently tabled to the AC for deliberation and approval. The Head of the IAD has unrestricted access to the AC and reports directly to the AC.

During the financial year ended 31 December 2020 and as at the date of this report, the IAD carried out the following activities:

- (a) Prepared and presented the risk-based annual internal audit plan encompassing key business segments within the Group for the approval of the AC;
- (b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;
- (c) Issued internal audit reports to the AC and Management highlighting results of the assessments of internal controls identifying key areas of concerns as well as providing recommendations for improvements and follow-up audits;
- (d) Acted on suggestions made by the AC and/or Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group;
- (e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and/or other channels;
- (f) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions;
- (g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework;
- (h) Assisted the Management in the preparation and implementation of Anti-Bribery and Corruption Policy, in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018; and
- (i) Assisted in the preparation and implementation of Anti-Money Laundering Policy.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2020 including staff payroll costs and overheads amounted to RM946,000 (The cost incurred in the previous year was RM869,000).

CREATING VALUE THROUGH RESPONSIBLE GOVERNANCE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2017, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board affirms its commitment and responsibility towards effective risk management and internal control so as to safeguard shareholders' interests and Group's assets. In doing so, the Board embeds risk management in all aspects of the activities, initiatives and processes of Sunway Construction Group Berhad ("SCG") and its subsidiaries ("the Group"). The framework has been set in place by the Board to identify, evaluate, mitigate and monitor the key risks faced by the Group.

The Board recognises that the framework is designed to mitigate rather than eliminate the risks or events with significant adverse impact on the achievement of the Group's objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.

In pursuit of improving and integrating effective governance structures and processes into the framework, the Board has set up a Risk Management Committee ("RMC") which comprises of Independent Directors in majority including its Chairman to oversee the Group's risk management and internal control system. The RMC is accountable to the Board and meets quarterly to:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance;
- Ensure infrastructure, resources and systems are in place to manage risks.

During the financial year, the RMC has reviewed, appraised and assessed the controls and progress of action plans taken to mitigate and manage the Group's risk exposure. The RMC has subsequently provided assurance to the Board that the Group's risk management and internal control are operating adequately and effectively in all material aspects. This statement however, does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

INTERNAL CONTROL SYSTEM

Planning, monitoring and review of the Group's performance and conduct are done via scheduled periodic meetings of the Board, Board Committees and management. The annual Business Plan ensures that all operating subsidiaries prepare and present its outlook, expectations, budgets, performance and targets for the forthcoming year.

The Risk Working Committee ("RWC") led by Mr Richard Wong, who is also the Deputy Managing Director of Sunway Construction was setup to ensure that the Group's risk coverage is more conclusive on exposures specifically to operational matters.

The RWC communicates the Board's expectations to management teams and employees during management meetings, managers' conferences and forums while the heads of the operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

COMPONENTS OF THE INTERNAL CONTROL SYSTEM

1. Policies & Procedures

The Group's internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group's online portal for employees' reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. Audits

The Group Internal Audit Department (“GIAD”) carries out internal audits on divisions and business units of the Group based on a risk-based audit plan approved annually by the Audit Committee (“AC”). Based on these audits, GIAD provides the AC with periodic reports highlighting observations, recommendations and action plans to improve the Group’s internal control system. The AC reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Additionally, subsidiaries accredited with certifications such as International Organisation for Standardisation (“ISO”) and Occupational Health and Safety Advisory Services (“OHSAS”) are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

3. Employee Engagement and Performance

Key performance indicators, based on balanced scorecards are used to track and measure employee’s performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group’s goals and objectives.

4. Employee Conduct

Available for staff access in the Group Governance and Integrity portal, this is governed by a series of policies which define the core values of the Group – Integrity, Humility and Excellence.

- a. The Group has adopted an Anti-Bribery and Corruption Policy with the enforcement of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (effective from 1 June 2020) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption. In adherence, to this Policy, the Group has adopted a ZERO TOLERANCE approach policy against all forms of bribery and corruption.
- b. The Anti-Money Laundering Policy establishes the general framework to manage and prevent the risk of the Group’s businesses from being used as a conduit for money laundering and terrorism financing activities. All employees are required to adhere to the requirements of the policy when carrying out their daily responsibilities.
- c. The Whistle Blowing Policy serves as a guideline for stakeholders and staff to report in a safe and confidential manner, any concerns regarding possible illegal, unethical conduct or malpractice to the management for action. Whistle blowing avenues include a direct line, e-mail or written mail to the Head of Internal Audit Department and Chairman of the Audit Committee.
- d. The Fraud Response Procedures guides management teams of respective business units to respond to allegations or suspicions of fraud and ensure that all cases of suspected or alleged frauds are reported promptly, and investigations are conducted effectively.
- e. The Group’s Code of Conduct and Business Ethics provides an ethical framework to guide actions and behaviors of directors and employees of the Group. It reflects the increasing need for effective corporate governance and compliance measures in the Group’s businesses, domestically and internationally.
- f. The Staff Handbook provides information on employment terms and conditions in addition to compensation, leaves, health benefits, education assistance, discounts, expectations and career path to name a few. Also included in the policy is the Group’s Personal Data Protection Notice on the collection and handling of personal information in accordance with the Malaysian Personal Data Protection Act 2010.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. Risk Management

The Group’s risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management (“ERM”) into key activities, initiatives and processes of the Group. This enables the Group to identify, assess and mitigate risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:



Continuous risk assessment is fundamental to the Group’s risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

In providing assurance to the RMC and the Board, RWC continues to review the quarterly risk templates in identifying and mitigating all major risks of the operating subsidiaries under the Group. The quarterly risks from all operating subsidiaries are consolidated and updated to the Chairman, Group Managing Director and RMC, highlighting major risks and mitigating controls carried out.

The Group has four (4) core response strategies for risk management. These include:

- 1. Risk Termination**
In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.
- 2. Risk Reduction**
Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group’s businesses.
- 3. Risk Acceptance**
Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and/or impact. Factors to consider for risks of such nature would be:
 - Adequacy of current controls;
 - Quality and quantity of information on the controls;
 - Likelihood and consequences of the risk occurring; and
 - The cost of additional controls
- 4. Risk Transfer**
Management may choose to transfer all or part of a certain risk to other parties via:
 - Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
 - Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
 - Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/financial products.

Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Reporting Structure

The RMC will meet and deliberate on the top risks identified on a quarterly basis while its Chairman will subsequently update the Board on proceedings and updates from the RMC. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. The Group positions its business units towards a profitable objective while incorporating risk management principles into our functions and processes.

RWC is accountable for effectiveness of the risk management framework and undertakes the role of assisting Business Units by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the Business Units.

RWC continues to support the Group's efforts in embracing change and evolution into a resilient conglomerate, allowing it to refine its focus and strategies to achieve goals and objectives while sustaining an ecological balance between employees, communities and the environment. Thus, as the Group commits to provide Environmental, Safety & Health ("ESH") standards and practices to enhance stakeholders' value, RWC's quarterly risk reporting exercise with operating subsidiaries goes beyond risk mitigation to ensure that operational processes are consistent and remain compliant with the relevant standards such as OHSAS 18001 and ISO 14001 to name a few.

Apart from the above, RWC participates in other value-adding exercises such as:

1. Review existing SCG's Standard Operating Principles ("SSOP")

The review of the Group's SSOPs is conducted by key relevant personnel from respective divisions or operating subsidiaries, covering credit control, procurement, products and services and operative guidelines.

2. Assist in day-to-day operations for operating subsidiaries

Upon instruction from management, key relevant personnel assist in fulfilling daily operative requirements to ensure minimal business interruption or delays that could hamper the achievement of goals and objectives.

3. Assist in conducting regulatory research

Such research is conducted to ensure that the Group's projects and businesses (existing or new) remain compliant to laws and regulations.

4. Assist in conducting tender for divisions and operating subsidiaries

RWC participates in tender processes to form an independent party to ensure fairness in observance of due process, decision making and tender awards.

Key Risk Factors

For the financial year under review, RWC has identified the following risks which were most prevalent among business units in the Group. These were presented to the RMC which includes the Group Managing Director and CFO where controls, mitigating plans and monitoring mechanisms were highlighted.

1. External Risks

In the current economic climate of geopolitical tensions, global economic uncertainties, currency fluctuation, intense competition and the onset of Covid-19, the Group continues to formalize strategies to remain resilient against these risks. Malaysia's economy shrank in Year 2020, reflecting the negative impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. With the introduction of movement control orders in the mid of March 2020, there were periods of time where some of our projects were unable to continue its operations and thus heavily impacted the company financially. The Group has adopted a myriad of strategies to effectively reduce and actively monitor cost in all aspects and continuously explore for new projects to achieve our financial and operational target.

2. Regulatory Risks

Changes in regulations, guidelines and laws in Malaysia or any other countries may directly and indirectly impact the Group. This risk is monitored to reduce the Group's exposure to potential legal liabilities and minimise any adverse impact arising from non-compliance of such changes. Together with Group Managing Director, relevant business units and departments engage in discussions to attend to necessary changes to ensure compliance and monitor the resulting changes adopted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3. Human Capital

In delivering the goals and objectives set out by the Group, recruitment of highly skilled and competent employees and the development of young talents with an aim of assimilation into the Group's workforce is crucial. In addition, loss of skilled and key employees due to market competition is a perennial risk faced by many. In mitigating this risk, Human Resources department together with respective divisions and operating subsidiaries continuously improve and enhance strategies and plans which include employee engagement surveys, team building exercises, training and development and reviews of the Group's staff remuneration and compensation benefits.

4. Operational

The Group's business units have continuously and consistently paid significant attention to this risk where aspects of project delivery, disaster recovery, infrastructure, production and safety are of paramount importance. This is so as the Group's reputation could be potentially damaged by one or more events, resulting in negative publicity and impairing public confidence. Appropriate and effective policies and procedures are implemented and thoroughly monitored by RWC to mitigate these risks. These are also continuously reviewed to ensure effectiveness and adequacy, in accordance with global best practices and standards.

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the Group's risk management and internal control framework is able to meet the Group's objective to ensure good corporate governance. There was no potential or present failure or weakness that would have material adverse effect on the results of the Group for the year under review.

The Board has also received assurance from the Group MD and CFO that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholders value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WAS APPROVED BY THE BOARD OF DIRECTORS ON 19 APRIL 2021.



DR SARINDER KUMARI A/P OAM PARKASH
Independent Non-Executive Director

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals during the financial year. Therefore, there were no proceeds raised from corporate proposals during the financial year.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2020.

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 41 of the Notes to the Financial Statements.

4. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2020, the total audit and non-audit fees paid or payable to the external auditors or a firm affiliated to the external auditors, for services rendered to the Company and the Group are as follows:

Fees paid and/or payable to External Auditors or its affiliates	FYE 2020	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	16.5	547.2
Non-audit fees	5.0	9.0
Total	21.5	566.2

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DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- (i) Adopted appropriate accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent;
- (iii) Ensure that all applicable accounting standards have been followed; and
- (iv) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	73,727	30,493
Profit attributable to:		
Owners of the parent	72,786	30,493
Non-controlling interests	941	-
	73,727	30,493

DIVIDENDS

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2019:	
Second interim single-tier dividend of 3.5 sen per ordinary share paid on 8 April 2020	45,128
In respect of financial year ended 31 December 2020:	
First interim single-tier dividend of 1.25 sen per ordinary share paid on 24 September 2020	16,117
	61,245

On 23 February 2021, the Board of Directors had declared a second interim single-tier dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2020. The total dividend payable amounted to RM35,457,376. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Dato' Ir Goh Chye Koon
Dato' Dr Johari Bin Basri
Dato' Siow Kim Lun @ Siow Kim Lin
Dr Sarinder Kumari A/P Oam Parkash
Tan Sri Dato' (Dr.) Chew Chee Kin
Evan Cheah Yean Shin
Chung Soo Kiong
Liew Kok Wing (Alternate Director to Chung Soo Kiong) - Appointed on 7 January 2020

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the warrants and irredeemable convertible preference shares issued by its intermediate holding company, Sunway Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in ordinary shares, irredeemable convertible preference shares, non-cumulative convertible redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
The Company				
Direct interests:				
Dato' Ir Goh Chye Koon	5,000	-	-	5,000
Chung Soo Kiong	200,046	-	(200,000)	46
Evan Cheah Yean Shin	13,435	-	-	13,435
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	841,282,318	200,000	-	841,482,318

⁽¹⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 ("CA 2016") held through Active Equity Sdn. Bhd. ("AE"), Sungei Way Corporation Sdn. Bhd. ("SWC"), Sunway Berhad, Sunway Holdings Sdn. Bhd. and parent.

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Intermediate holding company				
Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	120,201	-	-	120,201
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	-	-	21,038,466
Chung Soo Kiong	969,095	-	(49,000)	920,095
Evan Cheah Yean Shin	4,195,196	-	-	4,195,196
Deemed interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	1,564,862	-	-	1,564,862
Evan Cheah Yean Shin	3,036,608,674 ⁽²⁾	33,156,971	-	3,069,765,645 ⁽³⁾

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.

⁽³⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.

DIRECTORS' INTERESTS (CONTD.)

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	10,000,000	-	-	10,000,000

⁽¹⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE and parent.

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Ultimate holding company Active Equity Sdn. Bhd.				
Direct interest:				
Evan Cheah Yean Shin	25,500	-	-	25,500
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	102,000	-	-	102,000

⁽¹⁾ Deemed interest held through parent.

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Related company Sunway Global Limited				
Direct interest:				
Tan Sri Dato' (Dr.) Chew Chee Kin	689,183	-	-	689,183

DIRECTORS' INTERESTS (CONTD.)

	Number of irredeemable convertible preference shares			
	As at 03.12.2020 [^]	Acquired	Sold	As at 31.12.2020
Intermediate holding company Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	24,040	-	-	24,040
Tan Sri Dato' (Dr.) Chew Chee Kin	4,207,692	-	-	4,207,692
Chung Soo Kiong	50,000	-	-	50,000
Evan Cheah Yean Shin	839,039	-	-	839,039
Deemed interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	312,972	-	-	312,972
Evan Cheah Yean Shin ⁽²⁾	613,953,126	-	-	613,953,126

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.

[^] Allotment of irredeemable convertible preference shares ("ICPS") by Sunway Berhad on 3 December 2020 arising from the subscription of ICPS pursuant to the renounceable rights issue of new ICPS on the basis of 1 ICPS for every 5 existing ordinary shares held in Sunway Berhad ("Rights Issue of ICPS")

	Number of non-cumulative convertible redeemable preference shares			
	As at 1.1.2020	Allotted	Redeemed	As at 31.12.2020
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	284,000,000	16,000,000	-	300,000,000

⁽¹⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through parent.

DIRECTORS' INTERESTS (CONTD.)

	Number of warrants 2017/2024				
	As at 1.1.2020	Adjustment*	Acquired	Sold	As at 31.12.2020
Intermediate holding company					
Sunway Berhad					
Direct interests:					
Dato' Ir Goh Chye Koon	15,150	951	-	-	16,101
Tan Sri Dato' (Dr.) Chew Chee Kin	2,651,647	166,522	-	-	2,818,169
Chung Soo Kiong	135,000	8,478	-	(143,478)	-
Evan Cheah Yean Shin	528,754	33,205	-	-	561,959
Deemed interests:					
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	197,232	12,386	-	-	209,618
Evan Cheah Yean Shin ⁽²⁾	440,177,741	27,676,985	538,615	-	468,393,341

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.

* Allotment of additional warrants 2017/2024 in Sunway Berhad ("Warrants") on 11 November 2020 arising from the adjustments to the exercise price and the number of outstanding Warrants in accordance with the provisions of the Deed Poll dated 19 September 2017 constituting the Warrants, pursuant to the Rights Issue of ICPS.

By virtue of Evan Cheah Yean Shin's substantial interests in the Company and Active Equity Sdn. Bhd., he is deemed to have interest in the shares of all the subsidiaries of the Company and Active Equity Sdn. Bhd. to the extent that the Company and Active Equity Sdn. Bhd. have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares and warrants in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 11 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

During the financial year, the intermediate holding company of the Company, Sunway Berhad effected Directors' liability insurance to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. None of the Directors nor the Group paid for the insurance premium directly as the Group is under the effective cover of Sunway Berhad being its subsidiary company.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

(I) As at the end of the financial year

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the effects of COVID-19 pandemic and the prior year adjustments as disclosed in Note 42 and Note 44 to the financial statements respectively.

(II) From the end of the financial year to the date of this report

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) As at the date of this report

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

HOLDING COMPANIES

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to date of this report is as follows:

Chang Kim Long	Ng Chong Beng
Chung Soo Kiong	Tan Sri Dato' (DR) R.V. Navaratnam
Datuk Kwan Foh Kwai #	Thomas Samuel A/L CT Samuel
Eric Tan Chee Hin	Tan Kim Yoke
Evan Cheah Yean Shin	U Than Oo
Khor Seng Yan	Wong Kwan Song
Kok Shin Lin	Lim Chee Siang
Kong Heong Fook	Ng Chee Hwa
Kumaresan Varadu Rasu	Lim Vin Tze
Kwong Tzyy En	Tan Eng Koon
Liew Kok Wing	Oh Keng Jin
Ng Bee Lien	Subba Rao Semenchalam

Resigned during the financial year

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 May 2021.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Chung Soo Kiong
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' (Dr.) Chew Chee Kin and Chung Soo Kiong, being two of the Directors of Sunway Construction Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 171 to 260 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 May 2021.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Chung Soo Kiong
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Ng Bee Lien (CA 13890), being the officer primarily responsible for the financial management of Sunway Construction Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 171 to 260 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ng Bee Lien
at Petaling Jaya in the State of
Selangor Darul Ehsan on 17 May 2021

Ng Bee Lien

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sunway Construction Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, statements of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 171 to 260.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM1,455,226,000.

We determined this to be a key audit matter because it requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages ("LAD"). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considers the estimated contract work completed to date and the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Key Audit Matters (contd.)

1. Revenue recognition from construction contracts (contd.)

Audit response

Our audit procedures included the following:

- (a) inspected documentation to support the estimated total contract sum and correspondences from contract customers in relation to variations and claims to corroborate key judgements applied by management;
- (b) inspected documentation certified by professional consultants to support the contract work performed by the Group to-date;
- (c) recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on contract work certified to-date and budgeted total contract sum;
- (d) inquired in-house operational and financial personnel of the Group to assess the merits of extension of time submitted to the contract customers for assessing the exposure to LAD; and
- (e) inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.

2. Prior years adjustments

The Group and the Company had restated their comparatives for the financial year ended 31 December 2019, including their opening statements of financial position as at 1 January 2019 via prior year adjustments retrospectively resulting from the reassessment of the Group's involvement in its investments in wholesale funds, which were determined, in substance, as structured entities under its control and significant influence in accordance with MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures* respectively as disclosed in Note 2 and Note 44 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining whether the investments in wholesale funds are, in substance, structured entities under the control and significant influence of the Group in accordance with MFRS 10 and MFRS 128, taking into consideration its power over the wholesale funds, exposure or rights to variable returns from its involvement with the wholesale funds, its ability to use its power over the wholesale funds to affect the amount of its returns and the power to participate in the financial and operating policy decisions of the wholesale funds.

Audit response

Our audit procedures included the following:

- (a) reviewed the relevant information memorandums and trust deeds of the respective wholesale funds to assess the terms and conditions of the wholesale funds;
- (b) obtained confirmations from the fund managers of the wholesale funds and inspected the relevant documentation in relation to the underlying investments in these wholesale funds;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Key Audit Matters (contd.)

2. Prior years adjustments (contd.)

Audit response (contd.)

Our audit procedures included the following: (contd.)

- (c) inquired management, treasury personnel and external legal counsels of the Group on its assessment of the Group's control and significant influence over the wholesale fund and the basis of consolidation and equity accounting of the wholesale fund in accordance with MFRS 10 and MFRS 128;
- (d) engaged our legal expert to assess the legal and accounting aspects relating to the Group's control and significant influence over the wholesale funds and the basis of consolidation and equity accounting of the wholesale funds by the Group based on the nature, facts and circumstances of the investments in these wholesale funds of the Group in accordance with MFRS 10 and MFRS 128; and
- (e) assessed whether the disclosures within the financial statements are appropriate in light of the requirements of MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (contd.)

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2022 J
Chartered Accountant

Kuala Lumpur
17 May 2021

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Revenue	5	1,552,652	1,768,727	25,001	234,335
Cost of sales	6	(1,282,481)	(1,390,600)	-	-
Gross profit		270,171	378,127	25,001	234,335
Other income	7	22,474	20,136	-	-
Administrative expenses		(177,223)	(237,519)	(2,196)	(2,180)
Other expenses		(24,904)	(19,720)	(3)	-
Operating profit		90,518	141,024	22,802	232,155
Finance and other distribution income	8	7,805	24,569	7,693	8,813
Finance costs	8	(6,943)	(13,218)	-	-
Share of results of associates		10,014	5,451	-	-
Share of results of joint ventures		110	99	-	-
Profit before tax	9	101,504	157,925	30,495	240,968
Income tax expense	12	(27,777)	(27,066)	(2)	(3)
Profit for the financial year		73,727	130,859	30,493	240,965
Profit attributable to:					
Owners of the parent		72,786	129,324	30,493	240,965
Non-controlling interests		941	1,535	-	-
		73,727	130,859	30,493	240,965
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		(874)	(465)	-	-
Share of other comprehensive income/(loss) of associates and joint ventures		166	(86)	-	-
Reclassification of foreign currency translation reserve to profit or loss on deregistration of foreign branches and subsidiaries		3,108	-	-	-
Other comprehensive income/(loss) for the financial year, net of tax		2,400	(551)	-	-
Total comprehensive income for the financial year		76,127	130,308	30,493	240,965
Total comprehensive income attributable to:					
Owners of the parent		75,186	128,773	30,493	240,965
Non-controlling interests		941	1,535	-	-
		76,127	130,308	30,493	240,965
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	5.64	10.02		
Diluted	13	5.64	10.02		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		
		31.12.2020 RM'000	31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	107,321	138,507	176,468
Intangible assets	16	94	206	488
Investments in associates	18	444,137	4,124	-
Investments in joint arrangements	19	44,805	44,261	273
Other investments	20	273	273	44,739
Goodwill	21	-	3,647	3,647
Deferred tax assets	33	7,133	4,161	5,265
		603,763	195,179	230,880
Current assets				
Other investments	20	-	172,868	151,556
Inventories	22	34,256	25,094	29,981
Trade receivables	23	866,397	817,936	884,359
Other receivables	24	38,461	31,739	34,824
Amount due from intermediate holding company	26	361	415	1,711
Amounts due from related companies	27	111,032	102,159	60,640
Amount due from joint ventures	28	22,872	5,077	92
Amount due from an associate	29	9,130	15,539	21,073
Tax recoverable		19,720	21,721	22,100
Cash and bank balances	31	200,071	614,604	493,615
		1,302,300	1,807,152	1,699,951
Total assets		1,906,063	2,002,331	1,930,831

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		
		31.12.2020 RM'000	31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)
Equity and liabilities				
Current liabilities				
Borrowings	32	233,712	233,394	113,631
Trade payables	34	836,187	674,640	656,182
Other payables	35	103,789	193,689	217,344
Amount due to intermediate holding company	26	134	745	503
Amounts due to related companies	27	5,282	13,637	61,930
Amount due to a joint venture	28	7,931	26	27
Lease liabilities	36	1,908	2,513	3,636
Tax payable		4,110	1,376	9,496
Derivative liabilities	30	941	187	-
		1,193,994	1,120,207	1,062,749
Non-current liabilities				
Borrowings	32	67,203	52,656	-
Amount due to a related company	27	-	95,833	96,314
Lease liabilities	36	5,526	8,897	10,739
Derivative liabilities	30	730	-	-
Deferred tax liabilities	33	-	2,273	6,536
		73,459	159,659	113,589
Total liabilities		1,267,453	1,279,866	1,176,338
Equity attributable to owners of the parent				
Share capital	37	258,580	258,580	258,580
Treasury shares	37	(6,990)	(6,990)	(1,295)
Merger reserve	38	(37,894)	(37,894)	(37,894)
Foreign currency translation reserve	38	12,180	9,765	10,316
Capital contribution by intermediate holding company	38	641	656	656
Other capital reserve	38	600	-	-
Retained earnings	38	409,779	398,838	359,871
		636,896	622,955	590,234
Non-controlling interests		1,714	99,510	164,259
Total equity		638,610	722,465	754,493
Total equity and liabilities		1,906,063	2,002,331	1,930,831

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

	Note	Company	
		31.12.2020 RM'000	31.12.2019 RM'000 (Restated)
Assets			
Non-current assets			
Investment in a subsidiary	17	258,580	258,580
Current assets			
Other investments	20	176,922	16,604
Other receivables	24	46	66
Amount due from a subsidiary	25	22	-
Cash and bank balances	31	83,902	274,423
Total assets		519,472	549,673
Equity and liabilities			
Current liabilities			
Other payables	35	1,044	1,780
Amount due to a subsidiary	25	1,244	-
Amounts due to related companies	27	57	13
Tax payables		-	1
Total liabilities		2,345	1,794
Equity attributable to owners of the parent			
Share capital	37	258,580	258,580
Treasury shares	37	(6,990)	(6,990)
Retained earnings	38	265,537	296,289
Total equity		517,127	547,879
Total equity and liabilities		519,472	549,673

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Attributable to owners of the parent		Equity attributable to owners of the parent		Non-controlling interests	Equity, total
		RM'000	RM'000	RM'000	RM'000		
At 1 January 2020, as previously reported		258,580	(37,894)	9,765	656	398,838	625,171
Effects of prior year adjustments	44	-	-	-	-	-	97,294
At 1 January 2020, as restated		258,580	(37,894)	9,765	656	398,838	722,465
Profit for the financial year		-	-	-	-	72,786	941
Other comprehensive income, net of tax		-	-	2,415	(15)	-	2,400
Total comprehensive income		-	-	2,415	(15)	72,786	941
Transactions with owners							
Bonus issue by a subsidiary		-	-	-	600	(600)	-
Dividends paid		-	-	-	-	(61,245)	(61,245)
Dividend paid to non-controlling interests	14	-	-	-	-	-	(1,050)
Acquisition of equity interest from subsidiary		-	-	-	-	-	9
Effects of subscriptions and redemptions of units in a structured entity by unitholders		-	-	-	-	-	10,633
Effect of loss of control upon redemption of units in a structured entity		-	-	-	-	-	(108,329)
Total transactions with owners		-	-	-	600	(61,845)	(98,737)
At 31 December 2020		258,580	(37,894)	12,180	641	409,779	638,610

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Merger reserve (Note 38) RM'000	Foreign currency translation reserve (Note 38) RM'000	Capital contribution by intermediate holding company (Note 38) RM'000	Distributable earnings (Note 38) RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, Total RM'000
At 1 January 2019, as previously reported		258,580	(1,295)	(37,894)	10,316	656	359,871	590,234	1,442	591,676
Effects of prior year adjustments	44	-	-	-	-	-	-	-	162,817	162,817
At 1 January 2019, as restated		258,580	(1,295)	(37,894)	10,316	656	359,871	590,234	164,259	754,493
Profit for the financial year		-	-	-	-	-	129,324	129,324	1,535	130,859
Other comprehensive loss, net of tax		-	-	-	(551)	-	-	(551)	-	(551)
Total comprehensive income		-	-	-	(551)	-	129,324	128,773	1,535	130,308
Transactions with owners										
Purchase of treasury shares	37	-	(5,695)	-	-	-	-	(5,695)	-	(5,695)
Dividends paid	14	-	-	-	-	-	(90,357)	(90,357)	-	(90,357)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(270)	(270)
Acquisition of equity interest from subsidiary		-	-	-	-	-	-	-	38	38
Effects of redemptions of units in a structured entity by unitholders		-	-	-	-	-	-	-	(66,052)	(66,052)
Total transactions with owners		-	(5,695)	-	-	-	(90,357)	(96,052)	(66,284)	(162,336)
At 31 December 2019		258,580	(6,990)	(37,894)	9,765	656	398,838	622,955	99,510	722,465

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Note	Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Distributable Retained earnings (Note 38) RM'000	Equity, total RM'000
At 1 January 2020		258,580	(6,990)	296,289	547,879
Profit for the financial year		-	-	30,493	30,493
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	30,493	30,493
Transaction with owners					
Dividends paid	14	-	-	(61,245)	(61,245)
Total transactions with owners		-	-	(61,245)	(61,245)
At 31 December 2020		258,580	(6,990)	265,537	517,127
At 1 January 2019		258,580	(1,295)	145,681	402,966
Profit for the financial year		-	-	240,965	240,965
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	240,965	240,965
Transactions with owners					
Purchase of treasury shares	37	-	(5,695)	-	(5,695)
Dividends paid	14	-	-	(90,357)	(90,357)
Total transactions with owners		-	(5,695)	(90,357)	(96,052)
At 31 December 2019		258,580	(6,990)	296,289	547,879

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Cash flows from operating activities				
Profit before tax	101,504	157,925	30,495	240,968
Adjustments for:				
Accretion of financial assets and financial liabilities	989	(1,348)	-	-
Bad debts written off	38	267	-	-
Depreciation and amortisation of property, plant and equipment, software and right-of-use assets	33,442	40,262	-	-
Dividend income	-	-	(25,001)	(234,335)
Employees' share option scheme	(351)	(504)	-	-
Fair value loss on derivative assets and liabilities	1,485	187	-	-
Finance and other distribution income	(7,805)	(24,569)	(7,693)	(8,813)
Finance costs	6,943	13,218	-	-
Gain on disposal of property, plant and equipment	(1,463)	(3,075)	-	-
Gain on disposal of property stock	(1,156)	-	-	-
Gain on reversal of leases	-	(3)	-	-
Gain on reassessments and modifications of leases	(103)	-	-	-
Impairment loss on goodwill	3,647	-	-	-
Impairment losses on:				
- trade receivables	14,145	2,228	-	-
- other receivables	19	17	-	-
- amounts due from related companies	-	58	-	-
- amount due from a joint venture	167	-	-	-
Inventories written down	-	153	-	-
Write off of:				
- property, plant and equipment	16	7,111	-	-
Reversal of impairment losses on:				
- trade receivables	(1,691)	(5,703)	-	-
- other receivables	(216)	(70)	-	-
- amount due from an associate	(72)	(99)	-	-
- amounts due from related companies	(20)	(20)	-	-
Share of results of joint ventures	(110)	(99)	-	-
Share of results of associates	(10,014)	(5,451)	-	-
Unrealised foreign exchange loss	58	512	-	-
Waiver/Write off of payables	(662)	-	-	-
Operating cash flows before working capital changes carried forward	138,790	180,997	(2,199)	(2,180)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Cash flows from operating activities (contd.)				
Operating cash flows before working capital changes brought forward	138,790	180,997	(2,199)	(2,180)
Changes in working capital:				
Inventories	(9,206)	4,734	-	-
Trade receivables	(59,961)	73,229	-	-
Other receivables	(6,939)	2,969	20	(66)
Trade payables	160,022	16,485	-	-
Other payables	(89,867)	(23,347)	(736)	755
Amount due from/(to) subsidiaries	-	-	1,222	-
Amount due from/(to) intermediate holding company	(206)	2,026	-	(2)
Amounts due from/(to) related companies	(14,172)	(43,763)	44	(68)
Amount due from an associate	6,741	5,418	-	-
Amount due from/(to) joint ventures	(10,080)	(5,006)	-	-
Cash generated from/(used in) operations	115,122	213,742	(1,649)	(1,561)
Interest received	7,179	24,569	7,693	8,813
Interest paid	(5,772)	(7,744)	-	-
Dividend received from a joint venture	110	790	-	-
Distribution of income from an associate	-	1,135	-	-
Tax refunded	1,116	6,396	-	3
Tax paid	(29,953)	(44,765)	(3)	(2)
Net cash from operating activities	87,802	194,123	6,041	7,253
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	1,537	3,564	-	-
Proceeds from disposal of property stock	1,200	-	-	-
Proceeds from disposal of an associate	46,902	-	-	-
Proceeds from disposal of other investment	-	3,178	-	-
Withdrawal/(Placement) of deposits pledged to other financial institutions	181,753	(263,784)	181,753	(263,784)
Acquisitions of property, plant and equipment, and software	(3,393)	(8,312)	-	-
Net cash from/(used in) investing activities carried forward	227,999	(265,354)	181,753	(263,784)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Cash flows from investing activities (contd.)				
Net cash from/(used in) investing activities brought forward	227,999	(265,354)	181,753	(263,784)
Acquisition of equity interest by non-controlling interests	9	38	-	-
Addition of interests in a joint venture	(378)	-	-	-
Addition of interests in associates	(405,550)	-	-	-
Net cash flow from funds placement	-	(24,490)	(160,318)	(16,604)
Net subscriptions/(redemptions) of units in a structured entity by unitholders	10,633	(66,052)	-	-
Net cash flow from loss of control upon redemption of units in a structured entity	(5,890)	-	-	-
Dividends received	-	-	25,001	234,335
Net cash from/(used in) investing activities	(173,177)	(355,858)	46,436	(46,053)
Cash flows from financing activities				
Repayments to related companies	(95,833)	(46,617)	-	-
Drawdowns of term loans	90,944	128,700	-	-
Drawdowns of bills discounting	107,345	157,124	-	-
Repayments of term loans	(76,449)	-	-	-
Repayments of bills discounting	(157,124)	(107,544)	-	-
Drawdowns/(Repayments) of revolving credits	50,000	(6,113)	-	-
Payments of lease liabilities	(2,712)	(4,270)	-	-
Interest paid on:				
- advances from related companies	(686)	(4,662)	-	-
- lease liabilities	(485)	(812)	-	-
Dividends paid	(61,245)	(90,357)	(61,245)	(90,357)
Dividends paid to non-controlling interests of subsidiaries	(1,050)	(270)	-	-
Shares buyback	-	(5,695)	-	(5,695)
Net cash (used in)/from financing activities	(147,295)	19,484	(61,245)	(96,052)
Net decrease in cash and cash equivalents	(232,670)	(142,251)	(8,768)	(134,852)
Effects of exchange rate changes on cash and cash equivalents	(110)	(544)	-	-
Cash and cash equivalents at beginning of financial year	350,618	493,413	10,639	145,491
Cash and cash equivalents at end of financial year	117,838	350,618	1,871	10,639

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

Sunway Construction Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use. Related companies refer to companies within the Sunway Berhad group of companies.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in associates and joint arrangements.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 17 May 2021.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 43(a) to the financial statements.

During the current financial year, following the reassessment of the Group's involvement in its investments in wholesale funds, the Group determined that its placements in the wholesale funds are in substance, structured entities under its control and in which the Group has significant influence in accordance with MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures* respectively as disclosed in Note 17 and Note 18 to the financial statements.

Accordingly, the Group has consolidated and equity accounted for these wholesale funds, where applicable, in the financial statements of the Group for the financial year ended 31 December 2020 and the Group and the Company have restated their comparatives via prior year adjustments.

In relation to this, comparative figures of the Group and the Company for the financial year ended 31 December 2019 in these financial statements, including their opening statements of financial position as at 1 January 2019, have been restated to give effect to the above reassessment as disclosed in Note 44 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

- (i) Construction - turnkey, construction related design and build, civil engineering, building works, geotechnical services and related products, hire of heavy machineries, mechanical and engineering works, facade engineering and consultancy services and transportation agent.
- (ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

Operating segments that have been aggregated to form the above reporting segments are as indicated as above. These operating segments are aggregated due to the similar nature and economic characteristics of the businesses.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise tax assets and liabilities, corporate assets, liabilities and expenses, if any.

Segment revenue, expenses and results include transfers between business segments. The inter-segment transactions have been entered into, on negotiated basis and are eliminated on consolidation. These policies have been applied consistently throughout the current and previous financial years.

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2020					
Revenue					
Sales to external customers	1,455,226	97,426	-		1,552,652
Inter-segment sales	422,713	82,074	(504,787)	A	-
Total revenue	1,877,939	179,500	(504,787)		1,552,652
Results					
Operating profit	87,174	3,344	-	A	90,518
Finance and other distribution income	7,151	654	-		7,805
Finance costs	(5,674)	(1,269)	-		(6,943)
Share of results of associates	10,014	-	-		10,014
Share of results of joint ventures	110	-	-		110
Profit before tax	98,775	2,729	-		101,504
Income tax expense	(26,874)	(903)	-		(27,777)
Net profit for the year	71,901	1,826	-		73,727
Non-controlling interests	(941)	-	-		(941)
Attributable to owners of the parent	70,960	1,826	-		72,786

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2020 (contd.)					
Assets					
Segment assets	1,739,753	211,067	(560,552)		1,390,268
Investments in associates	444,137	-	-		444,137
Investments in joint ventures	378	44,427	-		44,805
Unallocated assets					26,853
Total assets					1,906,063
Liabilities					
Segment liabilities	1,285,777	172,934	(195,368)		1,263,343
Unallocated liabilities					4,110
Total liabilities					1,267,453
Other segment information					
Capital expenditure	2,284	1,109	-	B	3,393
Depreciation and amortisation	29,632	3,810	-		33,442

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000 (Restated)	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000 (Restated)
At 31 December 2019					
Revenue					
Sales to external customers	1,618,914	149,813	-		1,768,727
Inter-segment sales	777,012	122,336	(899,348)	A	-
Total revenue	2,395,926	272,149	(899,348)		1,768,727
Results					
Operating profit	135,259	5,765	-	A	141,024
Finance and other distribution income	24,112	457	-		24,569
Finance costs	(10,440)	(2,778)	-		(13,218)
Share of results of associates	5,451	-	-		5,451
Share of results of a joint venture	790	(691)	-		99
Profit before tax	155,172	2,753	-		157,925
Income tax expense	(27,693)	627	-		(27,066)
Net profit for the year	127,479	3,380	-		130,859
Non-controlling interests	(1,535)	-	-		(1,535)
Attributable to owners of the parent	125,944	3,380	-		129,324
Assets					
Segment assets	2,473,146	209,849	(754,931)		1,928,064
Investments in an associate	4,124	-	-		4,124
Investments in joint ventures	-	44,261	-		44,261
Unallocated assets					25,882
Total assets					2,002,331
Liabilities					
Segment liabilities	1,473,447	174,413	(371,643)		1,276,217
Unallocated liabilities					3,649
Total liabilities					1,279,866
Other segment information					
Capital expenditure	7,657	655	-	B	8,312
Depreciation and amortisation	36,363	3,899	-		40,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SEGMENT INFORMATION (CONTD.)

Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers RM'000	Profit/ (loss) before tax RM'000	Net profit/ (loss) RM'000	Profit/(loss) attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2020					
Malaysia	1,412,611	97,640	70,324	69,370	1,259,005
Singapore	97,426	(3,672)	(3,630)	(3,623)	119,085
India	42,092	2,492	2,013	2,019	2,674
Trinidad & Tobago	-	-	-	-	24
United Arab Emirates	-	5,074	5,074	5,074	9,336
Myanmar	523	(30)	(54)	(54)	144
	1,552,652	101,504	73,727	72,786	1,390,268
At 31 December 2019 (Restated)					
Malaysia	1,616,918	159,774	131,820	130,218	1,784,914
Singapore	149,813	(660)	414	481	141,863
India	843	(6,289)	(6,458)	(6,458)	477
Trinidad & Tobago	-	-	-	-	24
United Arab Emirates	-	5,093	5,093	5,093	189
Myanmar	1,153	7	(10)	(10)	597
	1,768,727	157,925	130,859	129,324	1,928,064

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues and profit are eliminated on consolidation.

B Capital expenditures consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment (exclude right-of-use buildings)	3,365	8,180
Software	28	132
	3,393	8,312

3. SEGMENT INFORMATION (CONTD.)**Major customers**

Revenue from one (1) customers (2019: two (2) customers) from the construction segment represent approximately RM280,000,000 (2019: RM444,026,000) of the Group's revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group's revenue:

	Revenue	
	2020	2019
	RM'000	RM'000
Customer A	-*	193,026
Customer B	280,000	251,000
	280,000	444,026

* Represents revenue not disclosed as the revenue is less than 10% of Group's revenue.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT**(a) Capital management**

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximise shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as total borrowings divided by total equity. Total equity is the equity attributable to owners of the parent.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Borrowings (Note 32)	300,915	286,050	-	-
Equity attributable to owners of the parent	636,896	622,955	517,127	547,879
Gearing ratio	47%	46%	N/A	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2020.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)**(b) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing amount due to a related company, deposits with licensed banks and other financial institutions and borrowings.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 27, 31 and 32 to the financial statements respectively.

Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for foreign currency risk arising from a country in which certain foreign subsidiaries operate. The currency giving rise to this risk is primarily Singapore Dollar ("SGD").

Approximately 9% (2019: 9%) of the Group's sales are denominated in foreign currencies whilst almost 1% (2019: 1%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM18,030,000 (2019: RM26,523,000).

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	SGD RM'000	Others RM'000
At 31 December 2020		
Financial assets in foreign currencies		
Cash and bank balances	15,319	2,711
Trade and other receivables	102,865	9,461
Financial liabilities in foreign currencies		
Trade and other payables	(6,004)	(12,358)
Borrowing	(143,571)	-
Net exposure	(31,391)	(186)
At 31 December 2019		
Financial assets in foreign currencies		
Cash and bank balances	25,805	718
Trade and other receivables	114,778	16,083
Financial liabilities in foreign currencies		
Trade and other payables	(12,935)	(23,330)
Borrowing	(128,926)	-
Net exposure	(1,278)	(6,529)

Company

At 31 December 2020/2019

The currency risk exposure profile of the Company is not presented as there is no exposure to foreign currency at the end of the reporting period.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Profit net of tax	
	2020 RM'000	2019 RM'000
SGD/RM		
- strengthened 1.3% (2019: 1%)	(339)	(11)
- weakened 1.3% (2019: 1%)	339	11

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 25, 26, 27, 28, 30, 32, 34, 35 and 36 to the financial statements respectively.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Notes 23 and 24 to the financial statements.

5. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers				
- Construction contracts	1,455,226	1,618,914	-	-
- Sale of goods	97,426	149,813	-	-
Other revenue				
Dividend income from a subsidiary	-	-	25,001	234,335
	1,552,652	1,768,727	25,001	234,335

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

Group	Malaysia RM'000	Singapore RM'000	Total RM'000
31 December 2020			
Major products and service lines			
Revenue from construction contracts	1,455,226	-	1,455,226
Sales of goods	-	97,426	97,426
Revenue from external customers	1,455,226	97,426	1,552,652
Timing of revenue recognition			
Services transferred over time	1,455,226	-	1,455,226
Products transferred at a point in time	-	17,885	17,885
Products transferred over time	-	79,541	79,541
Revenue from external customers	1,455,226	97,426	1,552,652
31 December 2019			
Major products and service lines			
Revenue from construction contracts	1,618,914	-	1,618,914
Sales of goods	-	149,813	149,813
Revenue from external customers	1,618,914	149,813	1,768,727
Timing of revenue recognition			
Services transferred over time	1,618,914	-	1,618,914
Products transferred at a point in time	-	45,614	45,614
Products transferred over time	-	104,199	104,199
Revenue from external customers	1,618,914	149,813	1,768,727

5. REVENUE (CONTD.)

(a) Revenue from construction contracts

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and in assessing the exposures to liquidated ascertained damages ("LAD") based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists. The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

(b) Sale of goods

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue on the basis of direct measurements of value to the customers of goods transferred to date relative to the remaining goods promised under the contract.

5. REVENUE (CONTD.)

(b) Sale of goods (contd.)

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products.

(c) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

6. COST OF SALES

	Group	
	2020 RM'000	2019 RM'000
Construction contract costs	1,194,647	1,255,620
Cost of goods sold	87,834	134,980
	1,282,481	1,390,600

7. OTHER INCOME

Included in other income are the following:

	Group	
	2020 RM'000	2019 RM'000
Rental income	239	1,653
Bad debts recovered	12	7
Gain on disposal of property, plant and equipment	1,463	3,075
Gain on disposal of property stock	1,156	-
Gain on reversal of leases	-	3
Gain on reassessments and modifications of leases	103	-
Waiver/Write off of payables	662	-
Accretion of financial assets	830	3,355
Arbitration gain	-	2,334
Foreign exchange gain:		
- realised	223	407
- unrealised	31	70

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

8. FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Finance and other distribution income				
Finance and other distribution income from:				
Advance to a related company (Note 41)	2	-	-	-
Arbitration	-	3,461	-	-
Deposits with licensed banks	578	27	-	-
Deposits with other financial institutions	5,366	12,336	4,214	8,650
Structured entities controlled by its intermediate holding company	1,828	7,804	3,468	104
Others	31	941	11	59
	7,805	24,569	7,693	8,813
Finance costs				
Interest expense in relation to:				
Lease liabilities	(485)	(812)	-	-
Advances from a related company (Note 41)	(686)	(4,662)	-	-
Bank borrowings	(5,750)	(7,729)	-	-
Others	(22)	(15)	-	-
	(6,943)	(13,218)	-	-

Interest income from short term deposits, structured entities controlled by its intermediate holding company and advances are recognised on an accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- statutory audits	547	615	17	19
- over provision in prior years	(8)	(39)	-	-
- other services	9	17	-	-
Foreign exchange losses:				
- realised	54	131	1	-
- unrealised	89	582	-	-
Fair value loss on derivative assets and liabilities	1,485	187	-	-
Realised loss on derivative liabilities	408	-	-	-
Accretion of financial assets and liabilities	989	(1,348)	-	-
Reclassification of foreign currency translation reserve to profit or loss on deregistration of foreign branches and subsidiaries	3,108	-	-	-
Bad debts written off	38	267	-	-
Impairment loss on goodwill (Note 21)	3,647	-	-	-
Written off of property, plant and equipment (Note 15)	16	7,111	-	-
Rental expenses:				
- short term lease expenses	627	128	-	-
- lease expense for low value assets	180	109	-	-
- variable lease payment expense	68	-	-	-
Management fees paid to intermediate holding company (Note 41)	9,305	19,941	-	-
Management fees paid to a subsidiary (Note 41)	-	-	767	712
Provision for material litigation	-	6,633	-	-
Service level agreement fees paid to related companies (Note 41)	3,324	4,952	5	6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries, allowances and bonuses	100,067	136,497	-	-
Social security contributions	1,032	1,130	-	-
Contributions to defined contribution plan	11,029	12,094	-	-
Employees' share option scheme	(351)	(504)	-	-
Other benefits	6,152	7,483	16	93
	117,929	156,700	16	93

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM2,185,000 (2019: RM2,056,000) as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors' remuneration:				
Salaries and bonuses	1,943	1,836	-	-
Contribution to defined contribution plan	232	220	-	-
Other benefits	10	-	-	-
Total Executive Directors' remuneration excluding benefits-in-kind (Note 10)	2,185	2,056	-	-
Estimated money value of benefits-in-kind	44	21	-	-
Total Executive Directors' remuneration including benefits-in-kind (Note 41)	2,229	2,077	-	-
Non-Executive Directors' remuneration:				
Fees	680	680	680	680
Other emoluments	74	74	74	71
	754	754	754	751
Total Directors' remuneration including benefits-in-kind	2,983	2,831	754	751

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. DIRECTORS' REMUNERATION (CONTD.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2020	2019
Executive Directors:		
RM2,050,000 - RM2,100,000	-	1
RM1,000,000 - RM1,250,000	2	-
Non-Executive Directors:		
RM100,000 - RM150,000	5	5
RM150,001 - RM200,000	1	1

The executive director's pay for 2019 comparative has been adjusted to reflect the lower actual bonus paid subsequent to financial year 2019 as a result of cost rationalisation from the effects of COVID-19 pandemic.

Included in executive directors, is the alternate director which was appointed on 7 January 2020.

12. INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax:				
Malaysian income tax	21,860	35,811	2	3
Foreign tax	25	73	-	-
	21,885	35,884	2	3
Under/(Over) provision in prior years:				
Malaysian income tax	11,180	(5,836)	-	-
Foreign tax	(43)	177	-	-
	11,137	(5,659)	-	-
	33,022	30,225	2	3
Deferred tax (Note 33)				
Relating to origination and reversal of temporary differences	4,059	(2,965)	-	-
Over provision in prior years	(9,304)	(194)	-	-
	(5,245)	(3,159)	-	-
Total income tax expense	27,777	27,066	2	3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INCOME TAX EXPENSE (CONTD.)

- (a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.
- (b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
- (c) A reconciliation of income tax expense applicable to profit before tax at the statutory income rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2020 RM'000	2019 RM'000 (Restated)
Profit before tax	101,504	157,925
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	24,361	37,902
Different tax rates in other countries	(735)	(183)
Income not subject to tax	(6,771)	(7,790)
Expenses not deductible for tax purposes	10,841	5,118
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,390	345
Utilisation of deferred tax assets previously not recognised	(712)	(1,141)
Effect of share of results of associates	(2,403)	(1,308)
Effect of share of results of joint ventures	(27)	(24)
Under/(Over) provision of income tax in prior years	11,137	(5,659)
Over provision of deferred tax in prior years	(9,304)	(194)
Income tax expense for the year	27,777	27,066

	Company	
	2020 RM'000	2019 RM'000
Profit before tax	30,495	240,968
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	7,319	57,832
Income not subject to tax	(7,844)	(58,230)
Expenses not deductible for tax purposes	527	401
Income tax expense for the year	2	3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Profit attributable to owners of the parent (RM'000)	72,786	129,324
Weighted average number of ordinary shares in issue ('000)	1,289,359	1,290,536
Basic earnings per ordinary share (sen)	5.64	10.02

(b) Diluted

Diluted earnings per share equals basic earnings per ordinary share because there were no dilutive ordinary shares as at the end of reporting period.

14. DIVIDENDS

	Group/Company			
	Dividends in respect of year		Dividends recognised in year	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interim dividend for 2018:				
Single-tier dividend of 3.5 sen per ordinary share	-	-	-	45,229
Interim dividend for 2019:				
Single-tier dividend of 3.5 sen per ordinary share	-	45,128	-	45,128
Single-tier dividend of 3.5 sen per ordinary share	-	45,128	45,128	-
Interim dividend for 2020:				
Single-tier dividend of 1.25 sen per ordinary share	16,117	-	16,117	-
Single-tier dividend of 2.75 sen per ordinary share	35,457	-	-	-
	51,574	90,256	61,245	90,357

On 23 February 2021, the Board of Directors had declared a second interim single-tier dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2020. The total dividend payable amounted to RM35,457,376. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. PROPERTY, PLANT AND EQUIPMENT

	Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost									
At beginning of financial year		8,538	17,456	282,209	28,507	9,775	-	21,407	367,892
Additions		-	778	811	280	1,493	3	639	4,004
Written-off		-	-	(7,984)	(5)	(1,494)	-	-	(9,483)
Disposals		-	-	(7,198)	(838)	(45)	-	-	(8,081)
Reassessment and modification of leases		-	-	-	-	-	-	(1,876)	(1,876)
Reversals		-	-	-	-	-	-	(1,196)	(1,196)
Exchange differences		-	-	(30)	-	4	-	(1)	(27)
At end of financial year		8,538	18,234	267,808	27,944	9,733	3	18,973	351,233
Accumulated depreciation									
At beginning of financial year		-	5,279	180,896	19,612	8,828	-	11,227	225,842
Depreciation charge for the financial year		-	993	25,986	3,092	595	-	2,636	33,302
Written-off		-	-	(7,969)	(5)	(1,493)	-	-	(9,467)
Disposals		-	-	(7,136)	(834)	(37)	-	-	(8,007)
Reassessment and modification of leases		-	-	-	-	-	-	(77)	(77)
Reversals		-	-	-	-	-	-	(1,196)	(1,196)
Exchange differences		-	-	(31)	-	4	-	(1)	(28)
At end of financial year		-	6,272	191,746	21,865	7,897	-	12,589	240,369
Accumulated impairment losses									
At beginning/end of financial year		-	-	-	-	-	-	-	-
Net carrying amount		8,538	11,962	72,519	6,079	1,836	3	6,384	107,321

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Right-of-use buildings RM'000	Total RM'000
At 31 December 2019								
Cost								
At beginning of financial year	8,538	19,039	334,378	29,325	9,752	1,223	20,984	423,239
Additions	-	263	6,929	628	333	27	1,434	9,614
Written-off	-	-	(17,572)	(4)	(129)	(1,194)	-	(18,899)
Disposals	-	(1,846)	(41,640)	(1,450)	(44)	(56)	-	(45,036)
Reversals	-	-	-	-	-	-	(1,012)	(1,012)
Reclassifications	-	-	136	8	(144)	-	-	-
Exchange differences	-	-	(22)	-	7	-	1	(14)
At end of financial year	8,538	17,456	282,209	28,507	9,775	-	21,407	367,892
Accumulated depreciation								
At beginning of financial year	-	6,010	203,470	17,826	8,206	-	7,716	243,228
Depreciation charge for the financial year	-	1,115	30,325	3,220	793	-	4,395	39,848
Written-off	-	-	(11,655)	(4)	(129)	-	-	(11,788)
Disposals	-	(1,846)	(41,222)	(1,435)	(44)	-	-	(44,547)
Reversals	-	-	-	-	-	-	(885)	(885)
Reclassifications	-	-	-	5	(5)	-	-	-
Exchange differences	-	-	(22)	-	7	-	1	(14)
At end of financial year	-	5,279	180,896	19,612	8,828	-	11,227	225,842
Accumulated impairment losses								
At beginning/end of financial year	-	-	3,543	-	-	-	-	3,543
Net carrying amount	8,538	12,177	97,770	8,895	947	-	10,180	138,507

15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) Right-of-use buildings represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.
- (b) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2 - 15	%
Plant and machinery	10 - 33	
Motor vehicles	20	
Office equipment, furniture and fittings	10 - 33	

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of other components of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

- (c) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Buildings over the lease period from 2 to 10 years

- (d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020 RM'000	2019 RM'000
Additions of property, plant and equipment	4,004	9,614
Additions via finance lease	(639)	(1,434)
Cash outflow for acquisition of property, plant and equipment	3,365	8,180

16. INTANGIBLE ASSETS

	Group	
	2020 RM'000	2019 RM'000
Software		
Cost		
At beginning of financial year	18,232	18,138
Additions	28	132
Written-off	-	(38)
At end of financial year	18,260	18,232
Accumulated amortisation		
At beginning of financial year	18,026	17,650
Amortisation charge for the year	140	414
Written-off	-	(38)
At end of financial year	18,166	18,026
Net carrying amount	94	206

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The amortisation expense on intangible assets with finite life is included within the other expenses line item.

Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of three (3) years (2019: three (3) years).

17. INVESTMENT IN A SUBSIDIARY

	Company	
	2020 RM'000	2019 RM'000
At cost		
Unquoted ordinary shares	258,580	258,580

- (a) Investment in a subsidiary is stated in the separate financial statements at cost less any accumulated impairment losses.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

- (c) On 22 July 2020, Sunway Construction Sdn. Bhd., a direct wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway RNS TJ Private Limited. ("Sunway RNS TJ") by subscribing 120,000 ordinary shares at an issue price of INR1.00 each, representing 60% of the paid-up share capital of Sunway RNS TJ, to undertake for the project known as "Four laning of Thorapalli Agraharam - Jittandahalli Section of NH-844 from Km 25.000 to Km 63.500 (existing Chainage) corresponding to Km 23.350 to Km 60.100 (Design Chainage) under Bharatmala Pariyojana Phase-I (National Corridor) on Hybrid Annuity Model in the State of Tamil Nadu (Package-II of Hosur Dharamapuri Section)".
- (d) On 13 November 2020, Sunway Construction Sdn. Bhd., a direct wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway RNSIL MC Private Limited. ("Sunway RNSIL MC") by subscribing 120,000 ordinary shares at an issue price of INR1.00 each, representing 60% of the paid-up share capital of Sunway RNSIL MC, to undertake for the project known as "Two laning with Paved Shoulder of Meensurutti (Km. 98.433) to Chidambaram (Km. 129.965.) Section of NH-227 on Hybrid Annuity Mode under Bharatmala Pariyojana Phase-I (Residual Projects under NHDP) in the State of Tamil Nadu".
- (e) Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2020 %	2019 %	2020 %	2019 %
Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works, and transportation agents	100.00	100.00	-	-
Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking of sub-contract work	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	100.00	100.00	-	-
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Construction India Pte. Ltd. **	India	Construction of civil and building works	100.00	100.00	-	-
Sunway Machineries Services Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

(e) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2020 %	2019 %	2020 %	2019 %
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Creative Stone Sdn. Bhd. #	Malaysia	Dormant	70.00	70.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components, undertaking of precast concrete building contracts and construction activities, as well as acting as transportation agent	100.00	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of buildings and civil works	100.00	100.00	-	-
Sunway Construction Caribbean Limited ®	Trinidad and Tobago	Dormant	100.00	100.00	-	-
Sunway RNS TJ Private Limited **^	India	Concessionarie	60.00	-	40.00	-
Sunway RNSIL MC Private Limited **	India	Concessionarie	60.00	-	40.00	-
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	100.00	100.00	-	-
Sunspan Sdn. Bhd. **	Malaysia	Dormant	100.00	100.00	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-
Sunway Facade Network Sdn. Bhd.	Malaysia	Facade design, engineering, construction and consultancy services	60.00	60.00	40.00	40.00
Sunway Visioneering Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for building or civil engineering of cement, concrete or artificial stones	100.00	100.00	-	-
Sunway Innopave (S) Pte. Ltd. *	Singapore	Investment holding	100.00	100.00	-	-

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

(e) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2020 %	2019 %	2020 %	2019 %
Subsidiary of Sunway Engineering Sdn. Bhd.						
Sunway Pekat Solar Sdn. Bhd.	Malaysia	Installation of non-electric solar energy collectors	60.00	60.00	40.00	40.00
Subsidiary of Sunway Geotechnics(M) Sdn. Bhd.						
Sunway CT Geotechnics Pte. Ltd. *	Singapore	Dormant	55.00	55.00	45.00	45.00
Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Manufacturing and sale of precast concrete building components	100.00	100.00	-	-
Subsidiary of Sunway Innopave (S) Pte. Ltd.						
Sunway Builders (Myanmar) Company Limited **	Myanmar	Project management in construction services	100.00	100.00	-	-

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

(e) Details of the subsidiaries are as follows: (contd.)

Name of structured entity	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2020 %	2019 %	2020 %	2019 %
			(Restated)	(Restated)		
Structured entity of Sunway Construction Sdn. Bhd.						
Maybank Shariah Institutional Income Fund ("MSIIF") ** ^^^ (Note 17(f))	Malaysia	Investment in shariah - compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment scheme	-	64.20	-	35.80

* Audited by BDO Member Firms.

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

Statutory audit not required as at 31 December 2020 as the subsidiary is in the process of winding-up.

Statutory audit not required as at 31 December 2020 as the subsidiary is newly incorporated on 13 November 2020.

⊕ Applied for deregistration on 29 March 2019.

^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2020 as financial year end of the subsidiary of 31 March does not coincide with the Group.

^^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2020 as financial year end of the subsidiary of 30 September does not coincide with the Group.

^^^ The wholesale fund is a deemed subsidiary of the Group as this wholesale fund is in substance, structured entity under the control of the Group in accordance with MFRS 10 *Consolidated Financial Statements*.(f) The Group determined that its placements in a wholesale fund is in substance, a structured entity under its control in accordance with MFRS 10 *Consolidated Financial Statements*, taking into consideration its power over the wholesale fund, exposure or rights to variable returns from its involvement with the wholesale fund and its ability to use its power over the wholesales fund to affect the amount of its returns.

The Group invested in the wholesale fund with the objective of achieving short term to long term income for its treasury management purposes. The fund was managed by the fund manager, who applied various investment strategies to accomplish its investment objectives. The operations were financed through the creation of investee fund units, which in turn entitled the holders to variable returns and fair values in the wholesale fund's net assets.

In relation to this, the Group was exposed to, or had rights to variable returns from its involvement in the fund. Accordingly, the fund was deemed as a subsidiary of the Group and had been consolidated in the financial statements of the Group.

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

(g) During the current financial year,

- (i) non-controlling interest redeemed units in the fund amounting to RM55,150,000 from MSIIF in January 2020, resulting to an increase in proportion of ownership interest of the Group in the fund from 64.20% to 80.52%.
- (ii) the Group redeemed units in the fund amounting to RM14,000,000 from MSIIF on 15 January 2020, resulting to a decrease in proportion of ownership interest in the fund from 80.52% to 79.18%.
- (iii) non-controlling interest redeemed units in the fund amounting to RM4,217,000 from MSIIF in January and February 2020, resulting to an increase in proportion of ownership interest of the Group in the fund from 79.18% to 80.86%.
- (iv) the Group redeemed units in the fund amounting to RM45,000,000 from MSIIF on 17 February 2020, resulting to a decrease in proportion of ownership interest in the fund from 80.86% to 75.30%.
- (v) non-controlling interest placed RM70,000,000 into MSIIF on 19 February 2020, resulting to a decrease in proportion of ownership interest of the Group in the fund from 75.30% to 51.89%.
- (vi) On 24 February 2020, MSIIF became an associate of the Group subsequent to the redemption of units in the fund amounting to RM70,000,000, resulting to a decrease in proportion of ownership interest of the Group in the fund from 51.89% to 30.20%.
- (vi) The effects of redemption to the Group are as follows:

Decrease in proportion of ownership interest in MSIIF from 51.89% to 30.20%

	2020 RM'000
Redemption sum	70,000
Fair value of the remaining ownership interest	46,861
	116,861
Less: Net carrying amount of MSIIF	
- Other investments	149,004
- Other receivables	308
- Cash and bank balances	75,890
- Other payables	(12)
	225,190
- Less: Non-controlling interest	(108,329)
	(116,861)
Gain on redemption of ownership interest in MSIIF	-

The effects of redemption on cash flows of the Group are as follows:

	2020 RM'000
Total consideration for ownership interest redeemed	70,000
Less: Cash and cash equivalents of structured entity under the control of the Group	(75,890)
Net cash flow of the Group on redemption of ownership interest	(5,890)

17. INVESTMENT IN A SUBSIDIARY (CONTD.)

(h) Summarised information of the wholesale fund with non-controlling interests that are material to the Group is set out below. The non-controlling interests of the other companies are not material to the Group.

(i) Summarised statement of financial position

	MSIIF RM'000
At 31 December 2019	
Current assets	271,764
Total assets	271,764
Current liabilities	(13)
Total liabilities	(13)
Net assets	271,751
Equity attributable to owners of the parent	174,457
Non-controlling interests	97,294
Total equity	271,751

(ii) Summarised statement of profit or loss and other comprehensive income

	MSIIF RM'000
At 31 December 2019	
Revenue	10,939
Profit before tax	10,796
Total comprehensive income	10,796

(iii) Summarised statement of cash flows

	MSIIF RM'000
At 31 December 2019	
Net cash used in operating activities	(62,069)
Net decrease in cash and cash equivalents	(62,069)
Cash and cash equivalents at beginning of the year	182,982
Cash and cash equivalents at end of the year	120,913

18. INVESTMENTS IN ASSOCIATES

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Unquoted:		
Cost of investment	430,040	-
Share of post-acquisition profits and other comprehensive income, net of dividend income	14,097	4,124
	444,137	4,124

(a) Investment in associates are stated at cost less any accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.

(b) The financial year end of the associates are coterminous with the financial year end of the Group.

(c) Details of the associates are as follows:

Name of associates	Principal place of business	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
Associate of Sunway Builders Sdn. Bhd.				
ISZL Consortium *	Unincorporated Abu Dhabi	Construction	25.00	25.00
Associates of the Group				
Maybank Shariah Institutional Income Fund ("MSIIF") **	Malaysia	Investment in shariah - compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment schemes	31.35	N/A
Kenanga MoneyExtra Fund II ("KMEF2") **	Malaysia	Investment in short-term money market instruments and fixed income securities	30.24	N/A

* Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

^ The wholesale funds are deemed as associates of the Group as the Group has significant influence over the wholesale funds in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

(d) On 24 February 2020, MSIIF became an associate from a subsidiary of the Group subsequent to the redemption of units in the fund amounting to RM70,000,000 by the Group, resulting to a decrease in proportion of ownership interest of the Group in the fund from 51.89% to 30.20%.

On 27 February 2020, the Group has further redeemed the remaining proportion of its ownership interest in MSIIF for a redemption sum of RM46,902,000. There is no gain or loss arising from the redemption.

Subsequent to the redemption and in December 2020, the Group has increased its ownership interest in MSIIF to 31.35% and MSIIF became an associate of the Group.

(e) During the current financial year, the Group has increased its ownership interest in KMEF2 and subsequently redeemed certain portion of its ownership interest in KMEF2. As at 31 December 2020, the Group's ownership interest in KMEF2 was 30.24%.

(d) Summarised financial information in respect of the Group's associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

	ISZL Consortium		MSIIF		KMEF2		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current assets	38,456	53,808	957,693	-	462,312	-	1,458,461	53,808
Total assets	38,456	53,808	957,693	-	462,312	-	1,458,461	53,808
Loan from Consortium Members	(3,123)	(17,542)	-	-	-	-	(3,123)	(17,542)
Current liabilities	(18,837)	(19,770)	(53)	-	(34)	-	(18,924)	(19,770)
Total liabilities	(21,960)	(37,312)	(53)	-	(34)	-	(22,047)	(37,312)
Net assets	16,496	16,496	957,640	-	462,278	-	1,436,414	16,496

(ii) Summarised statements of profit or loss and other comprehensive income

	ISZL Consortium		MSIIF		KMEF2		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	-	-	19,975	-	22,754	-	42,729	-
Profit before tax	-	17,264	19,638	-	22,228	-	41,866	17,264
Total comprehensive income	-	16,496	19,638	-	22,228	-	41,866	16,496

(d) (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	ISZL Consortium		MSIIF		KMEF2		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net assets at beginning of financial year	16,496	-	271,743	-	497,100	-	785,339	-
Net placement/(redemption)	-	-	708,214	-	(37,816)	-	670,398	-
Profit for the year	-	17,264	19,638	-	22,228	-	41,866	17,264
Other comprehensive loss	-	(768)	-	-	-	-	-	(768)
Distribution of income during the year	-	-	(41,955)	-	(19,234)	-	(61,189)	-
Net assets at end of financial year	16,496	16,496	957,640	-	462,278	-	1,436,414	16,496
Interest in associate as at year end	25%	25%	31.35%	N/A	30.24%	N/A		
Carrying value of Group's interest in associates	4,124	4,124	300,220	-	139,793	-	444,137	4,124

19. INVESTMENTS IN JOINT ARRANGEMENTS

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	44,488	44,110
Share of post-acquisition profits and other comprehensive income, net of dividends received	317	151
	44,805	44,261

19.1 Investments in joint ventures

- (a) Investments in joint ventures are stated at cost less accumulated impairment losses in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.
- (c) The financial year end of the joint ventures are coterminous with the financial year end of the Group, except for IJM Sunway Sdn. Bhd., which has a financial year end of 31 March. Management accounts of this joint venture for the financial year ended 31 December 2020 has been used for the purpose of applying the equity method of accounting.

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(d) Details of the joint ventures are as follows:

Name of Joint Venture	Principal place of business/ Country of incorporation	Principal activities	Effective interest in equity	
			2020 %	2019 %
Joint ventures of Sunway Engineering Sdn. Bhd.				
IJM Sunway Sdn. Bhd. **	Malaysia	Investment holding	50.00	50.00
GME-SE Joint Venture (STW) **	Unincorporated Malaysia	Provision of mechanical and engineering works	50.00	50.00
Joint venture of Sunway Construction Sdn. Bhd.				
SunCity SunCon Joint Venture ®	Unincorporated Malaysia	Dormant	50.00	50.00
Joint venture of Sunway Geotechnics (M) Sdn. Bhd.				
Sunway Aneka Pertama Geotechnics (PH) Inc. ^^	Incorporated Philippines	Construction	43.00	-
Joint venture of Sunway Innopave Sdn. Bhd.				
Silver Coast-Sunway Innopave J. V. ^^	Unincorporated Abu Dhabi	Dormant	-	60.00
Joint venture of Sunway Concrete Product (S) Pte. Ltd.				
HL-Sunway JV Pte. Ltd. **	Singapore	Manufacturing and sales of precast concrete components	49.00	49.00

* Audited by BDO Member Firms.

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

^ On 20 November 2020, Sunway Geotechnics (M) Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, had incorporated a new joint venture known as Sunway Aneka Pertama Geotechnics (PH) Inc. ("SAP GEO") by subscribing 107,500 ordinary shares at an issued price of PHP 40 each, representing 43% of the paid-up share capital of SAP GEO.

^^ Closed business on 23 September 2020

® Dissolved on 8 January 2021

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

- (e) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group.

(i) Summarised statements of financial position

	SunCity SunCon Joint Venture	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2020	RM'000	RM'000	RM'000	RM'000
Non-current assets	10	-	128,380	128,390
Cash and cash equivalents	2,082	880	7,759	10,721
Other current assets	63	-	13,007	13,070
Current assets	2,145	880	20,766	23,791
Total assets	2,155	880	149,146	152,181
Trade and other payables and provisions	2,155	-	58,479	60,634
Total current liabilities	2,155	-	58,479	60,634
Net assets	-	880	90,667	91,547

	SunCity SunCon Joint Venture	Silver Coast- Sunway Innopave J. V.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2019	RM'000	RM'000	RM'000	RM'000
Non-current assets	17	560	83,443	84,020
Cash and cash equivalents	1,753	-	7,051	8,804
Other current assets	1	325	279	605
Current assets	1,754	325	7,330	9,409
Total assets	1,771	885	90,773	93,429
Trade and other payables and provisions	1,771	885	445	3,101
Total current liabilities	1,771	885	445	3,101
Net assets	-	-	90,328	90,328

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

- (e) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	SunCity SunCon Joint Venture	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2020	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Cost of Sales	-	-	-	-
Other income	110	-	-	110
Profit before tax	110	-	-	110
Income tax expense	-	-	-	-
Profit after tax	110	-	-	110
Other comprehensive income net of tax	-	-	339	339
Total comprehensive income	110	-	339	449
Dividend received from joint venture during the financial year	110	-	-	110

	SunCity SunCon Joint Venture	Silver Coast- Sunway Innopave J. V.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2019	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Cost of Sales	-	-	(892)	(892)
Other expenses	-	-	(526)	(526)
Other income	790	-	-	790
Interest income	-	-	9	9
Profit/(Loss) before tax	790	-	(1,409)	(619)
Income tax expense	-	-	-	-
Profit/(Loss) after tax	790	-	(1,409)	(619)
Other comprehensive income net of tax	-	-	216	216
Total comprehensive income/(loss)	790	-	(1,193)	(403)
Dividend received from joint venture during the financial year	790	-	-	790

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(e) (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of interest in joint ventures of the Group

	SunCity SunCon Joint Venture RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
At 31 December 2020				
Net assets at beginning of financial year	-	-	90,328	90,328
Capital injection	-	880	-	880
Profit for the year	110	-	-	110
Other comprehensive income	-	-	339	339
Dividend paid during the year	(110)*	-	-	(110)
Net assets at end of financial year	-	880	90,667	91,547
Interest in joint ventures as at year end	50%	43%	49%	
Carrying value of Group's interest in joint ventures	-	378	44,427	44,805

	SunCity SunCon Joint Venture RM'000	Silver Coast- Sunway Innopave J. V. RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
At 31 December 2019				
Net assets at beginning of financial year	-	-	91,521	91,521
Profit/(Loss) for the year	790	-	(1,409)	(619)
Other comprehensive income	-	-	216	216
Dividend paid during the year	(790)*	-	-	(790)
Net assets at end of financial year	-	-	90,328	90,328
Interest in joint ventures as at year end	50%	60%	49%	
Carrying value of Group's interest in joint ventures	-	-	44,261	44,261

* Dividend paid was solely attributable to the Group.

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.2 Investments in joint operations

- (a) Taisei-Sunway Joint Venture is deemed to be a joint operation of the Group, which is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
- (b) When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
 - its liabilities, including its share of any liabilities incurred jointly;
 - its revenue from the sale of its share of the output arising from the joint operation;
 - its share of the revenue from the sale of the output by the joint operation; and
 - its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

- (c) Details of the joint operation are as follows:

Name of Joint Operation	Principal place of business	Principal activities	Participating interest	
			2020 %	2019 %
Joint operation of Sunway Construction Sdn. Bhd.				
Taisei-Sunway Joint Venture	Unincorporated Malaysia	Construction works	50.00	50.00

20. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Non-current				
Corporate membership	273	273	-	-
Current				
Unquoted bonds	-	148,378	-	-
Placement in funds	-	24,490	176,922	16,604
	-	172,868	176,922	16,604

- (a) The other investments are financial assets and measured at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) Placement in funds are in respect of investment in wholesale funds, which are structured entities controlled by its intermediate holding company in accordance with MFRS 10 *Consolidated Financial Statements*.
- (c) The fair value of corporate membership and unquoted bonds of the Group are categorised as Level 2 in the fair value hierarchy while the fair value of placement in funds is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

21. GOODWILL

	Group	
	2020 RM'000	2019 RM'000
Cost		
At beginning/end of financial year	35,397	35,397
Accumulated impairment losses		
At beginning of financial year	(31,750)	(31,750)
Impairment loss recognised in profit or loss (Note 9)	(3,647)	-
At end of financial year	(35,397)	(31,750)
Net carrying amount	-	3,647

The carrying amount of goodwill allocated to the Group's cash-generating unit (CGU) is as follows:

	Group	
	2020 RM'000	2019 RM'000
Precast concrete	-	3,647

21. GOODWILL (CONTD.)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period (2019: three-year period). The key assumptions used for value-in-use calculations are:

	Group	
	2020 %	2019 %
Gross margin	4.0	10.0
Discount rate	7.2	10.0

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.

(ii) Growth rate

The growth rate used is determined using a simple average of the annual Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") growth rate obtained from financial budgets approved by management. The financial budgets covered a period of three years. No growth rate was projected within this period of three years.

(iii) Discount rate

The discount rates used were pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

In the previous financial year, with regard to the assessment of value-in-use, management believed that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amounts.

During the financial year, full impairment loss on goodwill amounting to RM3,647,000 was recognised in profit or loss due to declining business operation of the subsidiary.

22. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost		
Properties stocks	453	497
Raw materials	7,679	6,435
Finished goods	22,473	11,121
Spare parts	3,651	3,918
At net realisable value		
Finished goods	-	3,123
	34,256	25,094

- (a) Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.
- (b) Cost of raw materials and finished goods is determined on a first-in, first-out basis. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (c) Cost of spare parts is determined on a weighted average basis. Cost comprises costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.
- (d) During the current financial year, inventories of the Group recognised as cost of sales amounted to RM73,614,000 (2019: RM114,338,000).
- (e) In the previous financial year, a write down of inventories to net realisable value of inventories of RM153,000 was made.

23. TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Third parties	628,225	593,306
Related parties	43,735	36,870
Retention sums	225,386	211,203
	897,346	841,379
Less: Impairment losses	(30,949)	(23,443)
Total trade receivables	866,397	817,936

- (a) Total trade receivables are classified as financial assets measured at amortised cost.
- (b) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 90 days (2019: 30 days to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.
- (c) Included in retention sums of the Group are amounts owing from related parties of RM41,176,000 (2019: RM43,925,000).
- (d) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the Gross Domestic Product, inflation rate and non-performing loan ratio as the key macroeconomic factors of the forward looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the effects of COVID-19 pandemic.

23. TRADE RECEIVABLES (CONTD.)

(e) The reconciliation of movements in impairment losses for trade receivables is as follows:

	Group		
	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 2020			
At beginning of financial year	6,928	16,515	23,443
Charge for the financial year	3	14,142	14,145
Reversal of impairment losses	(1,120)	(571)	(1,691)
Written off	-	(4,950)	(4,950)
Exchange differences	2	-	2
At end of financial year	5,813	25,136	30,949
At 31 December 2019			
At beginning of financial year	7,041	21,660	28,701
Charge for the financial year	1,648	580	2,228
Reversal of impairment losses	(1,764)	(3,939)	(5,703)
Written off	-	(1,786)	(1,786)
Exchange differences	3	-	3
At end of financial year	6,928	16,515	23,443

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

(f) The ageing analysis of the Group's trade receivables are as follows:

Group	2020		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	781,594	(4,967)	776,627
1 to 30 days past due	55,771	(358)	55,413
31 to 60 days past due	4,829	(58)	4,771
61 to 90 days past due	1,630	(24)	1,606
91 to 120 days past due	2,278	(36)	2,242
121 days to 150 days past due	1,327	(21)	1,306
More than 150 days past due	49,917	(25,485)	24,432
	115,752	(25,982)	89,770
	897,346	(30,949)	866,397

23. TRADE RECEIVABLES (CONTD.)

(f) The ageing analysis of the Group's trade receivables are as follows: (contd.)

	2019		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	731,494	(6,769)	724,725
1 to 30 days past due	23,874	(369)	23,505
31 to 60 days past due	17,045	(175)	16,870
61 to 90 days past due	20,028	(157)	19,871
91 to 120 days past due	13,286	(164)	13,122
121 days to 150 days past due	1,962	(18)	1,944
More than 150 days past due	33,690	(15,791)	17,899
	109,885	(16,674)	93,211
	841,379	(23,443)	817,936

(g) The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting period are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	800,940	92.4%	721,209	88.2%
Singapore	65,457	7.6%	96,487	11.8%
Myanmar	-	0.0%	240	0.0%
	866,397	100.0%	817,936	100.0%
By segment:				
Construction	800,940	92.4%	721,449	88.2%
Precast concrete	65,457	7.6%	96,487	11.8%
	866,397	100.0%	817,936	100.0%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

24. OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Deposits	7,843	8,577	-	-
Prepayments	28,291	21,969	-	-
Sundry receivables	5,418	6,583	46	66
	41,552	37,129	46	66
Less: Impairment losses	(3,091)	(5,390)	-	-
Total other receivables	38,461	31,739	46	66

- (a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (b) Included in other receivables of the Group is amounts due from related parties of RM303,000 (2019: RM186,000).
- (c) The amounts due from related parties are unsecured, non-interest bearing and repayable based on credit terms granted. The credit period is generally for a period of 30 days to 90 days (2019: 30 days to 90 days).
- (d) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures and an associate is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures and an associate. The Group has identified the Gross Domestic Product, inflation rate and non-performing loan ratio as the key macroeconomic factors of the forward looking information.

24. OTHER RECEIVABLES (CONTD.)

(d) (contd.)

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk, including the effects of COVID-19 pandemic.

No expected credit losses are recognised arising from other receivables of the Company because the probability of default by other receivables is negligible.

(e) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(f) The reconciliation of movements in impairment losses for other receivables is as follows:

	Group		
	12-month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 2020			
At beginning of financial year	264	5,126	5,390
Charge for the financial year	18	1	19
Reversal of impairment losses	(216)	-	(216)
Written off	(2)	(2,100)	(2,102)
At end of financial year	64	3,027	3,091
At 31 December 2019			
At beginning of financial year	317	5,126	5,443
Charge for the financial year	17	-	17
Reversal of impairment losses	(70)	-	(70)
At end of financial year	264	5,126	5,390

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

25. AMOUNT DUE FROM/(TO) A SUBSIDIARY

	Company	
	2020 RM'000	2019 RM'000
Current assets		
Amount due from a subsidiary (non-trade)	22	-
Current liabilities		
Amount due to a subsidiary (non-trade)	1,244	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. AMOUNT DUE FROM/(TO) A SUBSIDIARY (CONTD.)

- (a) Amount due from/(to) a subsidiary are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amount due from/(to) a subsidiary (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.
- (c) The maturity profile of amount due to a subsidiary of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (d) Impairment for amount due from a subsidiary is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from a subsidiary because the probability of default by the subsidiary is negligible.

26. AMOUNT DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY

	Group	
	2020 RM'000	2019 RM'000
Current assets		
Amount due from intermediate holding company (non-trade)	361	415
Current liabilities		
Amount due to intermediate holding company (non-trade)	134	745

- (a) Amount due from/(to) intermediate holding company are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amount due from/(to) intermediate holding company (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.
- (c) The maturity profile of amount due to intermediate holding company of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.
- (d) Impairment for amount due from intermediate holding company is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from intermediate holding company because the probability of default by intermediate holding company is negligible.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current assets				
Amounts due from related companies				
- trade	107,724	101,825	-	-
- non-trade	3,396	442	-	-
	111,120	102,267	-	-
Less: Impairment losses	(88)	(108)	-	-
Net carrying amount of amounts due from related companies	111,032	102,159	-	-
Non-current liabilities				
Amount due to a related company				
- non-trade	-	95,833	-	-
Current liabilities				
Amounts due to related companies				
- trade	4,348	8,447	-	-
- non-trade	934	5,190	57	13
	5,282	13,637	57	13

- (a) Amounts due from/(to) related companies are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amounts due from/(to) related companies (trade) are unsecured, interest free and the credit period is generally for a period of 30 days to 90 days (2019: 30 days to 90 days).

Included in amounts due from related companies (trade) are retention sum of RM51,359,000 (2019: RM45,508,000).
- (c) Amounts due from/(to) related companies (non-trade) are unsecured, interest free, except for an amount due to a related company of Nil (2019: RM95,833,000), which bears interests at rates ranging from Nil (2019: 3.74% to 4.03%) per annum.

The terms of repayment of amounts due from/(to) related companies (non-trade) is within next twelve (12) months, except for an amount due to a related company of Nil (2019: RM95,833,000) which the Group has an unconditional right to defer settlement for at least twelve (12) months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONTD.)

- (d) At the end of the reporting period, the interest rate profile of the interest-bearing amounts due from/(to) related companies was:

	Group	
	2020	2019
	RM'000	RM'000
Variable rate instruments		
Financial liabilities	-	(95,833)

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group will be (lower)/higher by Nil (2019: RM182,000).

- (e) The maturity profile of amounts due to related companies of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year except for an amount due to a related company of Nil (2019: RM95,833,000), which the Group has unconditional right to defer settlement for at least twelve (12) months after the end of the reporting period as disclosed in Note 27(c) to the financial statements.
- (f) Impairment for amounts due from related companies (trade) is recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 23(d) to the financial statements and impairment for amounts due from related companies (non-trade) is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from related companies (trade) is as follows:

Group	Lifetime ECL - not credit impaired	
	2020	2019
	RM'000	RM'000
At beginning of financial year	108	70
Charge for the financial year	-	58
Reversal of impairment losses	(20)	(20)
At end of financial year	88	108

No expected credit loss is recognised arising from amounts due from related companies (non-trade) because it is negligible.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONTD.)

- (g) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

	Group	
	2020	2019
	RM'000	RM'000
At beginning of financial year	95,833	142,450
Cash flows		
- Payments of principal	(95,833)	(46,617)
- Payments of interests	(686)	(4,662)
Non-cash flows		
- Interest expense	686	4,662
At end of financial year	-	95,833

28. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	Group	
	2020	2019
	RM'000	RM'000
Current assets		
Amounts due from joint ventures		
- trade	70	17
- non-trade	22,969	5,060
	23,039	5,077
Less: Impairment losses	(167)	-
Net carrying amount of amounts due from joint ventures	22,872	5,077
Current liabilities		
Amount due to a joint venture		
- trade	7,931	26

- (a) Amounts due from/(to) joint ventures are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amounts due from/(to) joint ventures (trade) are unsecured, interest free and the credit period is generally for a period of 30 days to 90 days (2019: 30 days to 90 days).
- (c) Amounts due from joint ventures (non-trade) are unsecured, interest free and the terms of repayment is within next twelve (12) months in cash and cash equivalents.

28. AMOUNT DUE FROM/(TO) JOINT VENTURES (CONTD.)

- (d) The maturity profile of amount due to a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (e) Impairment for amounts due from joint ventures is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from joint ventures is as follows:

Group	12-month ECL	
	2020 RM'000	2019 RM'000
At beginning of financial year	-	-
Charge for the financial year	167	-
At end of financial year	167	-

29. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	2020 RM'000	2019 RM'000
Amount due from an associate (non-trade)	9,261	15,740
Less: Impairment losses	(131)	(201)
Net carrying amount of amount due from an associate	9,130	15,539

- (a) Amount due from an associate is classified as financial asset measured at amortised cost.
- (b) Amount due from an associate (non-trade) is secured, interest free and the terms of repayment is within next twelve (12) months in cash and cash equivalents.
- (c) Impairment for amount due from an associate is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amount due from an associate is as follows:

Group	12-month ECL	
	2020 RM'000	2019 RM'000
At beginning of financial year	201	302
Reversal of impairment losses	(72)	(99)
Exchange differences	2	(2)
At end of financial year	131	201

30. DERIVATIVE LIABILITIES

Group	2020		2019	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Interest rate swaps	61,016	1,645	61,016	187
Forward currency contracts	1,236	26	-	-
Total derivatives liabilities		1,671		187
Less: Current portion		(941)		(187)
Non-current portion		730		-

- (a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Derivatives are categorised as Level 2 in the fair value hierarchy.
- (c) The Group entered into derivatives as follows:
- (i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. In the previous financial year, the Group entered into interest swaps to exchange floating interest rate for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. This interest rate swaps received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% and 1.58% (2019: 1.49% and 1.58%) per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

- (ii) Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate and changes in the fair value is recognised in the profit or loss. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

30. DERIVATIVE LIABILITIES (CONTD.)

- (d) The maturity profile of the Group's derivative liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2020				
Derivatives - settled net	941	730	-	1,671
As at 31 December 2019				
Derivatives - settled net	187	-	-	187

31. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Cash and bank balances				
Cash at banks and on hand	67,692	178,192	1,663	522
Deposits with:				
Licensed banks	202	202	-	-
Other financial institutions	132,177	436,210	82,239	273,901
Cash and bank balances	200,071	614,604	83,902	274,423

- (a) The weighted average interest rates per annum of deposits that were effective as at the end of the reporting period were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Deposits with licensed banks	3.90	4.05	-	-
Deposits with other financial institutions	2.42	4.59	2.45	4.70

The maturity of deposits with licensed banks during the years under review is 365 days (2019: 365 days).

The average maturity of deposits with other financial institutions of the Group and of the Company are 3 days (2019: 1 day) and 1 day (2019: 1 day) respectively at the end of the reporting period.

31. CASH AND BANK BALANCES (CONTD.)

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Cash and bank balances	200,071	614,604	83,902	274,423
Less: Deposits with licensed banks with maturity of more than 3 months	(202)	(202)	-	-
Less: Deposits pledged to other financial institutions	(82,031)	(263,784)	(82,031)	(263,784)
Total cash and cash equivalents	117,838	350,618	1,871	10,639

- (c) Included in the deposits with other financial institutions of the Group and Company is an amount of RM82,031,000 (2019: RM263,784,000) pledged to other financial institutions as securities for banking facilities granted to certain subsidiary as disclosed in Note 32(d) to the financial statements.

- (d) At the end of the reporting period, the interest rate profile of the deposits with licensed banks and other financial institutions were:

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000 (Restated)
Floating rates	132,379	436,412	82,239	273,901

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and of the Company to be higher/(lower) by RM252,000 (2019:RM829,000) and RM156,000 (2019: RM520,000) respectively.

- (e) Cash and bank balances are financial assets measured at amortised cost.
- (f) No expected credit loss is recognised arising from cash and bank balances because the probability of default by these financial institutions is negligible.

32. BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Long term borrowings		
Secured:		
Term loans	67,203	52,656
Short term borrowings		
Secured:		
Term loans	-	76,270
Unsecured:		
Term loans	76,367	-
Revolving credits	50,000	-
Bills discounting	107,345	157,124
	233,712	157,124
	233,712	233,394
	300,915	286,050
Total borrowings		
Term loans	143,570	128,926
Revolving credits	50,000	-
Bills discounting	107,345	157,124
	300,915	286,050

- (a) Borrowings are classified as financial liabilities carried at amortised cost.
- (b) The Group has entered into interest rate swap contracts to hedge the floating rate interest payable on some of its borrowings. The contracts entitle the Group to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, the Group agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

32. BORROWINGS (CONTD.)

- (c) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group	
	2020 %	2019 %
Long term borrowings		
Term loans	1.08	2.25
Short term borrowings		
Term loans	0.92	2.62
Revolving credits	2.72	-
Bills discounting	3.01	3.81

- (d) The term loans of the Group are secured by fixed deposits of the Group and the Company as disclosed in Note 31(c) to the financial statements.
- (e) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2020 RM'000	2019 RM'000
Fixed rate	61,016	61,016
Floating rate	239,899	225,034

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by the changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM456,000 (2019: RM428,000).

- (f) The maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2020	234,834	55,448	13,295	303,577
As at 31 December 2019	235,527	64,081	4,522	304,130

32. BORROWINGS (CONTD.)

- (g) The maturity periods of revolving credits and bills discounting are on demand or within one year. The maturity period for term loans is as follows:

	Group	
	2020 RM'000	2019 RM'000
Not later than 1 year	76,367	76,270
Later than 1 year and not later than 5 years	53,933	52,656
Later than 5 years	13,270	-
	143,570	128,926

- (h) Reconciliation of liabilities arising from financing activities

	Group			
	1.1.2020 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2020 RM'000
Term loans	128,926	14,495	149	143,570
Revolving credits	-	50,000	-	50,000
Bills discounting	157,124	(49,779)	-	107,345
	286,050	14,716	149	300,915

	Group			
	1.1.2019 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2019 RM'000
Term loans	-	128,700	226	128,926
Revolving credits	6,087	(6,113)	26	-
Bills discounting	107,544	49,580	-	157,124
	113,631	172,167	252	286,050

33. DEFERRED TAX

	Group	
	2020 RM'000	2019 RM'000
At beginning of financial year	1,888	(1,271)
Recognised in profit or loss (Note 12)	5,245	3,159
At end of financial year	7,133	1,888
Presented after appropriate offsetting as follows:		
Deferred tax assets, net*	7,133	4,161
Deferred tax liabilities, net*	-	(2,273)
	7,133	1,888

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM6,621,000 (2019: RM5,189,000) for the Group.

- (a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Construction		
	Contracts RM'000	Others RM'000	Total RM'000
At 1 January 2019	3,793	4,435	8,228
Recognised in profit or loss	2,359	(1,237)	1,122
At 31 December 2019	6,152	3,198	9,350
Recognised in profit or loss	4,658	(254)	4,404
At 31 December 2020	10,810	2,944	13,754

Deferred tax liabilities of the Group:

	Property, plant and equipment	
	RM'000	Total RM'000
At 1 January 2019	9,499	9,499
Recognised in profit or loss	(2,037)	(2,037)
At 31 December 2019	7,462	7,462
Recognised in profit or loss	(841)	(841)
At 31 December 2020	6,621	6,621

33. DEFERRED TAX (CONTD.)

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020 RM'000	2019 RM'000
Unused tax losses		
- Expires by 31 December 2025	-	363
- Expires by 31 December 2026	-	420
- Expires by 31 December 2027	1,253	-
Unabsorbed capital allowances	8	2,978
Other deductible temporary differences	5,324	-
	6,585	3,761

Deferred tax assets have not been recognised in respect of these items as they have arisen in subsidiary companies that have a recent history of losses or in subsidiary companies where future taxable profits may be insufficient to trigger the utilisation of these items, including taking into consideration the effects of COVID-19 pandemic.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

34. TRADE PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Third parties	836,187	674,640

- (a) Trade payables are classified as financial liabilities carried at amortised cost.
- (b) The normal trade credit terms granted to the Group range from 14 days to 60 days (2019: 14 days to 60 days).
- (c) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

35. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Sundry payables	34,008	60,976	5	3
Advances received on contracts	32,593	92,858	-	-
Accruals	37,188	39,855	1,039	1,777
	103,789	193,689	1,044	1,780

- (a) Other payables are classified as financial liabilities carried at amortised cost.
- (b) The maturity profile of other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (c) Included in other payables of the Group is amounts due to related parties of RM24,000 (2019: RM259,000).
- (d) Included in the advances received on contracts are advances received in relation to four (4) construction contracts awarded to the Group (2019: three (3)).

36. LEASE LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Non-current liabilities	5,526	8,897
Current liabilities	1,908	2,513
Total lease liabilities	7,434	11,410

- (a) Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 15 to the financial statements.

36. LEASE LIABILITIES (CONTD.)

(a) (contd.)

Variable lease payments, lease payments associated with short term leases and low value assets

The Group recognises variable lease payments when the condition that triggers those payments occur while lease payments associated with short term leases (leases with lease term of 12 months or less) and low value assets (leases for which the underlying asset is RM20,000 and below) are recognised on a straight-line basis over the lease terms. The variable lease payments and lease payments associated with short term leases and low value assets are recognised in profit or loss as rental expenses as disclosed in Note 9 to the financial statements.

During the current financial year, the Group recognises variable lease payments of RM21,000 related to rent concessions arising from COVID-19 pandemic.

Extension and termination options

Extension and termination options are included in certain property leases of the Group, which are negotiated for purposes such as providing operational flexibility to the Group. The extension and termination options are mainly exercisable by the Group and not by the respective lessors.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

36. LEASE LIABILITIES (CONTD.)

(a) (contd.)

During the current financial year, the Group had reassessed the lease terms of certain property leases in relation to the exercising of extension options, taking into consideration the current relevant facts and circumstances. There were also modifications on the terms and conditions of certain property leases of the Group during the current financial year.

The effects of the lease reassessments and modifications during the current financial year was a decrease in recognised lease liabilities of RM1,902,000 and right-of-use assets of RM1,799,000 (Note 15) as well as a gain on reassessments and modifications of leases of RM103,000 recognised in profit or loss (Note 7).

(b) The maturity profile of the Group's lease liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	Group	
	2020 RM'000	2019 RM'000
Not later than 1 year	2,279	3,101
Later than 1 year and not later than 2 years	1,997	2,384
Later than 2 years and not later than 3 years	1,761	2,352
Later than 3 years and not later than 4 years	1,761	2,327
Later than 4 years and not later than 5 years	160	2,327
Later than 5 years	527	828
Total undiscounted lease payments	8,485	13,319
Less: Future finance charges	(1,051)	(1,909)
Present value of lease liabilities	7,434	11,410
Analysis of present value of lease liabilities		
Not later than 1 year	1,908	2,513
Later than 1 year and not later than 2 years	1,715	1,921
Later than 2 years and not later than 3 years	1,562	1,990
Later than 3 years and not later than 4 years	1,644	2,067
Later than 4 years and not later than 5 years	128	2,175
Later than 5 years	477	744
	7,434	11,410
Less: Amount due within 12 months	(1,908)	(2,513)
Amount due after 12 months	5,526	8,897

36. LEASE LIABILITIES (CONTD.)

- (c) The lease payments are discounted using the Group's annual incremental borrowing rate of 2.99% to 5.32% (2019: 5.12% to 5.32%).
- (d) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.
- (e) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Group	
	2020 RM'000	2019 RM'000
At beginning of financial year	11,410	14,375
Cash flows		
- Payments of lease liabilities	(2,712)	(4,270)
- Payments of lease interests	(485)	(812)
Non-cash flows		
- Addition	639	1,434
- Reversal	-	(131)
- Reassessments and modifications	(1,902)	-
- Exchange difference	(1)	2
- Interest expense	485	812
At end of financial year	7,434	11,410

37. SHARE CAPITAL AND TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Ordinary shares				
Issued and fully paid:				
At beginning/end of financial year	1,292,900	1,292,900	258,580	258,580

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

37. SHARE CAPITAL AND TREASURY SHARES (CONTD.)

In the previous financial year, the Company repurchased 2,886,900 of its issued ordinary shares from the open market at prices ranging from RM1.93 to RM2.01 per share. The total consideration paid for the repurchases was RM5,694,831 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company.

As at 31 December 2020, the Company held a total of 3,540,900 ordinary shares as treasury shares out of its total issued and paid up share capital of 1,292,900,010 ordinary shares. Such treasury shares are recorded at a carrying amount of RM6,989,694.

38. RESERVES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable:					
Capital contribution by intermediate holding company	(a)	641	656	-	-
Merger reserve	(b)	(37,894)	(37,894)	-	-
Foreign currency translation reserve	(c)	12,180	9,765	-	-
Other capital reserve	(d)	600	-	-	-
		(24,473)	(27,473)	-	-
Distributable:					
Retained earnings		409,779	398,838	265,537	296,289
		385,306	371,365	265,537	296,289

The movements in each category of reserves are disclosed in the statements of changes in equity.

The natures of each category of reserves are as follows:

(a) Capital contribution by intermediate holding company

Capital contribution by intermediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

38. RESERVES (CONTD.)

The natures of each category of reserves are as follows: (contd.)

(b) Merger reserve

The merger reserve represents the following:

- (i) Premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.; and
- (ii) The excess of the consideration paid over the share capital and capital reserves of Sunway Construction Sdn. Bhd. and its subsidiaries as at the acquisition date under the pooling of interest method of accounting.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(d) Other capital reserve

The other capital reserve represents the bonus issue of shares undertaken by a subsidiary.

39. CAPITAL COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	-	451
Approved and contracted for investment in a joint venture	176,833	192,640
Approved and contracted for investment in India concessionaire	59,000	-
Approved but not contracted for property, plant and equipment	126	491
	235,959	193,582

40. CONTINGENT LIABILITIES**(a) Guarantees**

	2020 RM'000	2019 RM'000
Unsecured:		
Guarantees given to third parties in respect of contracts and trade performance	442,473	491,737
Guarantees given to related companies in respect of contracts and trade performance	128,961	90,091
	571,434	581,828

The Group designates guarantees given to related companies as insurance contracts as defined in MFRS 4 *Insurance Contract*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties and related companies to call upon the guarantees are remote.

(b) Material outstanding litigations

- (i) On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant").

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

40. CONTINGENT LIABILITIES (CONTD.)**(b) Material outstanding litigations (contd.)**

(i) (contd.)

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.891.5 million (approximately equivalent to RM49.1 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.781.4 million (approximately equivalent to RM43.1 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition had been filed by the Claimant on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination had been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.128.4 million (approximately equivalent to RM7.1 million).

SunCon had filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.135.7 million (approximately equivalent to RM7.5 million) on 26 February 2020 and the amount has been fully provided in the accounts on prudence grounds. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019. The matter has now been fixed for hearing on 2 June 2021.

The Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020 for release of Rs. 67.3 million (approximately equivalent to RM3.7 million) from the deposited Award Amount.

40. CONTINGENT LIABILITIES (CONTD.)**(b) Material outstanding litigations (contd.)**

(i) (contd.)

On 27 August 2020, the Court directed the release of Rs.67.2 million (approximately equivalent to RM3.7 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. ("SIFL"). The balance is to be released subject to furnishing of a bank guarantee. On 3 November 2020, the court placed on record the corporate guarantee issued on 21 September 2020 and directed the registry to release the amount in terms of the Court order dated 27 August 2020. On 18 November 2020, Shristi withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

(ii) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("NH-76 Highway Project") by the National Highways Authority ("NHA") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "Reference"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

Reference 1 - In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43.1 million (approximately equivalent to RM2.4 million). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing date fixed on 27 March 2020. The scheduled hearing was subsequently postponed until further notice due to the "COVID-19" pandemic. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and would depend on the perceptions of the Supreme Court.

Reference 4 - In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310.3 million (approximately equivalent to RM17.1 million).

NHA appealed against the Arbitral Tribunal's award to the High Court. The case is now further adjourned to 14 October 2020 and due to "COVID-19" pandemic, it was further adjourned to 1 June 2021.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success.

40. CONTINGENT LIABILITIES (CONTD.)

(b) Material outstanding litigations (contd.)

(ii) (contd.)

On 3 June 2020, SunCon has issued a letter to NHA with the intention to explore the possibility of an amicable resolution of the disputes with NHA through the mechanism of Conciliation Committee of Independent Experts.

(iii) PNSB Acmar Sdn. Bhd. ("Plaintiff") had on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn. Bhd. ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/ 2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff is claiming, amongst other, for the following:

- Special damages of RM711,367,434.46;
- The costs between the solicitor and client amounts to RM400,000.00;
- Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the full settlement; and
- Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. On 30 October 2020, the striking out application by Prasarana and SunCon is dismissed and matter is to proceed for full trial. On 9 December 2020, the Plaintiff filed an application for discovery against the Defendants. The matter was initially fixed for hearing on 23 April 2021. Subsequently, the Court has fixed the decision for the Plaintiff's application for discovery on 10 May 2021 and is awaiting for final decision. On 19 February 2021, SunCon filed applications to include MRCB George Kent Sdn. Bhd. as co-defendant and third party to the suit. The applications have been scheduled for hearing on 25 June 2021.

The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM711,367,434.46 is likely to be dismissed.

41. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2020 RM'000	2019 RM'000
Rental income of plant and machinery from:		
Related companies:		
Sunway Enterprise (1988) Sdn. Bhd.	42	41
Sunway Giza Mall Sdn. Bhd.	-	2
Sunway Medical Centre Sdn. Bhd.	12	-
Sunway Monash-U Residence Sdn. Bhd.	(2)	2
Sunway Putra Hotel Sdn. Bhd.	5	-
Related parties:		
Sunway Nursery and Landscape Sdn. Bhd. ^	-	24
Contract revenue from:		
Related companies:		
Alliance Parade Sdn. Bhd.	38,172	20,554
Deco Style Sdn. Bhd.	22,132	2,131
Emerald Tycoon Sdn. Bhd.	11,707	10,000
SunMed Velocity Sdn. Bhd.	-	32,251
Sunway City Sdn. Bhd.	-	1,185
Sunway City (JB) Sdn. Bhd.	-	164
Sunway Medical Centre Sdn. Bhd.	86,459	62,746
Sunway South Quay Sdn. Bhd.	116,836	141,633
Sunway Integrated Properties Sdn. Bhd.	21,852	31,462
Sunway PFM Sdn. Bhd.	5,715	7,954
Sunway Serene Sdn. Bhd.	72,581	53,119
Sunway Belfield Sdn. Bhd.	7,280	-
Sunway Paving Solutions Sdn. Bhd.	634	-
Sunway Spun Pile (M) Sdn. Bhd.	606	-
Related parties:		
Daiwa Sunway Development Sdn. Bhd. ®	10	-
Sunway Iskandar Sdn. Bhd. ^	1,091	12,535
Sunway Iskandar Development Sdn. Bhd. ^	-	660
Sunway Real Estate Investment Trust *	75,486	31,984
Sunway Marketplace Sdn. Bhd. ^	69,691	126,272
Sunway Velocity Two Sdn. Bhd. ^	92,307	52,500
Sunway Velocity Mall Sdn. Bhd. ^	6,477	17,153

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2020 RM'000	2019 RM'000
Interest income from:		
Related company:		
Sunway Treasury Sdn. Bhd. (Note 8)	2	-
Distribution income from:		
Structured entities controlled by its intermediate holding company:		
Maybank Shariah Institutional Income Fund	3,265	1,721
Kenanga Money Extra Fund II	8,153	606
Kenanga Income Fund - Series 1	-	2,509
RHB Private Fund - Series 5	-	605
Maybank Institutional Income Fund	-	2,954
Interest expense charged by:		
Related company:		
Sunway Treasury Sukuk Sdn. Bhd. (Note 8)	(686)	(4,662)
Management fees charged by:		
Intermediate holding company:		
Sunway Berhad (Note 9)	(9,305)	(19,941)
Rental of land charged by:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	(566)	(566)
Rental of office space charged by:		
Related companies:		
Sunway Lagoon Sdn. Bhd.	-	(4)
Sunway Management Sdn. Bhd.	-	(34)
Sunway Leisure Sdn. Bhd.	-	(72)
Sunway Paving Solutions Sdn. Bhd.	(870)	(1,096)
Sunway Integrated Properties Sdn. Bhd.	(24)	(256)
Sunway Pyramid Development Sdn. Bhd.	(65)	(99)
Sunway Fawanis JV	(16)	(245)
Sunway Marketing (S) Pte. Ltd.	(9)	(18)

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2020 RM'000	2019 RM'000
Rental of office space charged by: (contd.)		
Related companies: (contd.)		
Rich Worldclass Sdn. Bhd.	(16)	-
Sunway Monash-U Residence Sdn. Bhd.	2	-
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	(3)	(43)
Sunway Real Estate Investment Trust *	(1,449)	(1,994)
Service level agreement fees paid to: (Note 9)		
Related companies:		
Sunway FSSC Sdn. Bhd.	(994)	(1,517)
Sunway Shared Services Sdn. Bhd.	(1,333)	(1,694)
Sunway HR Shared Services Sdn. Bhd.	(997)	(1,741)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	(17)	(816)
Related companies:		
Sunway Marketing Sdn. Bhd.	(41,697)	(60,204)
Sunway Quarry Industries Sdn. Bhd.	(4,106)	(4,375)
Sunway Paving Solutions Sdn. Bhd.	(1,646)	(1,670)
Sunway Enterprise (1988) Sdn. Bhd.	(344)	(951)
Sunway FSSC Sdn. Bhd.	72	(25)
Sunway Risk Management Sdn. Bhd.	(28)	(21)
Sunway Marketing (S) Pte. Ltd.	-	(18)
Sunway Leasing Sdn. Bhd.	-	630
Sunway Hose Centre Sdn. Bhd.	(74)	(296)
Sunway HR Shared Services Sdn. Bhd.	(312)	(302)
Sunway Travel Sdn. Bhd.	(139)	(306)
Sunway Medical Centre Sdn. Bhd.	(473)	(193)
Sunway Lagoon Club Bhd.	(72)	(60)
Sunway Resort Hotel Sdn. Bhd.	-	(452)

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2020 RM'000	2019 RM'000
Purchases of goods/services from: (contd.)		
Related companies: (contd.)		
Sunway Leisure Sdn. Bhd.	(93)	(54)
Sunway Lagoon Sdn. Bhd.	(216)	(344)
Sunway PFM Sdn. Bhd.	(27)	(25)
Deco Style Sdn. Bhd.	(918)	(1,273)
Alliance Parade Sdn. Bhd.	-	(1)
Fame Parade Sdn. Bhd.	(1,159)	(1,991)
Sunway Fawanis JV	(16)	(31)
Sunway Lost World Water Park Sdn. Bhd.	(6)	(7)
Sunway Properties Services Sdn. Bhd.	-	(1)
Sunway Sustainability Solutions Sdn. Bhd.	(32)	(25)
Sunway Coating Solutions Sdn. Bhd.	-	(42)
Sunway United Star Sdn. Bhd.	(990)	(1,664)
Sunway South Quay Sdn. Bhd.	(97)	(9)
Sunway Specialist Centre Sdn. Bhd.	(46)	-
Sunway Shared Services Sdn. Bhd.	(2,292)	(2,684)
SunMed Clinics Sdn. Bhd.	(36)	(17)
Sunway Management Sdn. Bhd.	(237)	(263)
Pasir Mas Holdings Sdn. Bhd.	(305)	(344)
Sunway Leadership Center Sdn. Bhd.	(76)	(136)
Sunway Integrated Properties Sdn. Bhd.	-	(238)
Sunway Spun Pile (M) Sdn. Bhd.	(353)	(93)
Sunway City (JB) Sdn. Bhd.	(4)	(3)
Sunway Elite Sdn. Bhd.	-	(1)
Sunway Serene Sdn. Bhd.	(151)	(25)
SunMed Velocity Sdn. Bhd.	(810)	(94)
Sunway Design Sdn. Bhd.	(12)	-
Sunway Treasury Sdn. Bhd.	(12)	-
Sunway Pharma Sdn. Bhd.	(6)	-
Sunway Hotel Seberang Jaya Sdn. Bhd.	(16)	-
Sunway Hotel Hanoi Liability Ltd Company	(1)	-
Sunway Southern Management Sdn. Bhd.	(1)	-

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2020 RM'000	2019 RM'000
Purchases of goods/services from: (contd.)		
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	(362)	(15)
Sunway Velocity Two Sdn. Bhd. ^	-	(27)
Sunway Velocity Mall Sdn. Bhd. ^	(5)	-
Hitachi Sunway Information Systems Sdn. Bhd. +	(368)	(531)
Sunway Computer Services Sdn. Bhd. +	(84)	(79)
Sunway Digital Wave Sdn. Bhd. +	(2,282)	(923)
Company		
Distribution income from: (Note 8)		
Structured entities controlled by its intermediate holding company:		
Maybank Shariah Institutional Income Fund	1,368	-
Kenanga Money Extra Fund II	2,100	104
Management fees charged by:		
Subsidiary:		
Sunway Construction Sdn. Bhd. (Note 9)	(767)	(712)
Service level agreement fee paid to:		
Related company:		
Sunway FSSC Sdn. Bhd. (Note 9)	(5)	(6)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	(22)	(2)
Related companies:		
Sunway Resort Hotel Sdn. Bhd.	-	(82)
Sunway Management Sdn. Bhd.	(217)	(220)
Sunway Treasury Sdn. Bhd.	(4)	-

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

- @ Daiwa Sunway Development Sdn. Bhd. is an associate of Sunway City Sdn. Bhd., a subsidiary of the intermediate holding company.
- * Sunway Real Estate Investment Trust is an associate of the intermediate holding company.
- ^ Sunway Iskandar Sdn. Bhd., Sunway Iskandar Development Sdn. Bhd., Sunway Velocity Mall Sdn. Bhd., Sunway Nursery and Landscape Sdn. Bhd., Sunway Velocity Two Sdn. Bhd. and Sunway Marketplace Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd..
- + Sunway Computer Services Sdn. Bhd., Sunway Digital Wave Sdn. Bhd. and Hitachi Sunway Information Systems Sdn. Bhd. are companies in which a Director of the Company has deemed substantial interests.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(b) Remuneration of key management personnel

Key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	Group	
	2020 RM'000	2019 RM'000
Short-term employee benefits	8,874	11,290
Post-employment benefits:		
- Defined contribution plan	928	1,241
Estimated money value of benefits-in-kind	168	205
	9,970	12,736

Included in the total key management personnel are:

	Group	
	2020 RM'000	2019 RM'000
Executive Director's remuneration (Note 11)	2,229	2,077

The remuneration of key management personnel for 2019 comparative has been adjusted to reflect the lower actual bonus paid subsequent to financial year 2019 as a result of cost rationalisation from the effects of COVID-19 pandemic.

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Coronavirus disease "COVID-19" pandemic

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO until 7 June 2021.

Upon the implementation of the MCO, the Group had to temporarily suspend its operations, which include suspension of its construction operations. Nevertheless, the majority of the Group's business operations has since resumed operations during the CMCO and RMCO periods while adhering to the standard operating procedures and directives issued by the Government of Malaysia throughout the period. The Group has also implemented various procedures in its business conduct to reduce the risks of spread and safeguard its employees and customers.

The financial impact to the Group during the MCO period mainly arose from its diminished sources of income as most of its business operations were suspended whilst the fixed overhead costs that include salary, security personnel expenses, and rental expense continued to be incurred.

Based on the assessment of the Group, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2020 have not been impacted significantly by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2021.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group has therefore considered the impact of the COVID-19 pandemic across its business operations and taken the necessary precautions and provisions where necessary. The Group will also continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. However, there can be no assurance that the COVID-19 pandemic can be effectively controlled and could persist for a substantial period, and this may materially and adversely affect the business operations and financial performance of the Group.

43. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS

(a) New MFRSSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2020.

Title	Effective date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 *
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020 ^

* Early adopted by the Group and the Company.

^ Effective immediately.

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 *Covid-19-Related Rent Concessions* as described in the following sections.

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

43. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONTD.)

(a) New MFRSSs adopted during the financial year (contd.)

Amendment to MFRS 16 Covid-19-Related Rent Concessions (contd.)

The Group has early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group does not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 36 to the financial statements.

(b) New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
<i>Amendments to MFRS 9, MFRS 139, MFRS 17, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Amendments to MFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

44. PRIOR YEAR ADJUSTMENTS

During the current financial year, the Group determined that its placements in wholesale funds are in substance, structured entities under its control and in which the Group has significant influence of the Group in accordance with MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures* respectively as disclosed in Note 17 and Note 18 to the financial statements.

Accordingly, comparative figures of the Group and of the Company for the financial year ended 31 December 2019 in these financial statements, including their opening statements of financial position as at 1 January 2019, have been restated retrospectively via prior year adjustments. An explanation on the effects arising from the prior year adjustments on the financial positions, financial performance and cash flows of the Group and of the Company are set out as follows:

(i) Reconciliation of statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2019

Group	Note	Previously reported RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Revenue		1,768,727	-	1,768,727
Cost of sales		(1,390,600)	-	(1,390,600)
Gross profit		378,127	-	378,127
Other income		20,136	-	20,136
Administrative expenses		(237,519)	-	(237,519)
Other expenses		(19,720)	-	(19,720)
Operating profit		141,024	-	141,024
Finance and other distribution income	(a)	25,160	(591)	24,569
Finance costs	(a)	(13,203)	(15)	(13,218)
Share of results of associates	(a)	4,316	1,135	5,451
Share of results of joint ventures		99	-	99
Profit before tax		157,396	529	157,925
Income tax expense		(27,066)	-	(27,066)
Profit for the financial year		130,330	529	130,859
Profit attributable to:				
Owners of the parent		129,324	-	129,324
Non-controlling interests		1,006	529	1,535
		130,330	529	130,859

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

44. PRIOR YEAR ADJUSTMENTS (CONTD.)

(i) Reconciliation of statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2019 (contd.)

	Previously reported RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translations	(465)	-	(465)
Share of other comprehensive loss of associate and joint ventures	(86)	-	(86)
Other comprehensive income for the financial year, net of tax	(551)	-	(551)
Total comprehensive income for the financial year	129,779	529	130,308
Total comprehensive income attributable to:			
Owners of the parent	128,773	-	128,773
Non-controlling interests	1,006	529	1,535
	129,779	529	130,308

(ii) Reconciliation of statements of financial position as at 1 January 2019

Group	Note	Previously reported RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Current assets				
Other investments	(a), (b)	-	151,556	151,556
Other receivables	(a)	32,296	2,528	34,824
Cash and bank balances	(a), (b)	484,869	8,746	493,615
Current liabilities				
Other payables	(a)	217,331	13	217,344
Equity				
Non-controlling interests	(a)	1,442	162,817	164,259

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

44. PRIOR YEAR ADJUSTMENTS (CONTD.)

(iii) Reconciliation of statements of financial position as at 31 December 2019

Group	Note	Previously reported RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Current assets				
Other investments	(a), (b)	-	172,868	172,868
Other receivables	(a)	29,266	2,473	31,739
Cash and bank balances	(a), (b)	692,638	(78,034)	614,604
Current liabilities				
Other payables	(a)	193,676	13	193,689
Equity				
Non-controlling interests	(a)	2,216	97,294	99,510
Company				
Current assets				
Other investments	(b)	-	16,604	16,604
Cash and bank balances	(b)	291,027	(16,604)	274,423

(iv) Reconciliation of statements of cash flows for the financial year ended 31 December 2019

Group	Previously reported RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Cash flows from operating activities	193,539	584	194,123
Cash flows from investing activities	(268,494)	(87,364)	(355,858)
Cash flows from financing activities	19,484	-	19,484
Cash and cash equivalents at beginning of financial year	484,667	8,746	493,413
Cash and cash equivalents at end of financial year	428,652	(78,034)	350,618
Company			
Cash flows from investing activities	(29,449)	(16,604)	(46,053)
Cash and cash equivalents at end of financial year	27,243	(16,604)	10,639

Notes to reconciliation:

(a) Consolidation and equity accounting of wholesale funds

The Group has reassessed its involvement in investments in wholesale funds and determined that its placements in wholesale funds are in substance, structured entities under its control and in which the Group has significant influence in accordance with MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures* respectively as disclosed in Note 17 and Note 18 to the financial statements.

The prior year adjustments include the consolidation of above wholesale funds and equity accounting for these funds in the financial statements of the Group, where applicable.

(b) Reclassification of other investments from cash and bank balances

The reassessment of the Group's and the Company's involvement in their investments in wholesale funds had resulted in the reclassification of the other investments from cash and bank balances.

DIRECTORS' INTERESTS
IN SHARES

AS AT 26 April 2021

DIRECTORS' INTEREST IN THE COMPANY
SUNWAY CONSTRUCTION GROUP BERHAD

	Ordinary Shares	
	No.	%
Direct interest		
Chung Soo Kiong	46	#
Evan Cheah Yean Shin	13,435	#
Deemed interest		
Evan Cheah Yean Shin ^a	841,482,318	65.26
Dato' Ir Goh Chye Koon ^b	5,000	#

DIRECTORS' INTEREST IN INTERMEDIATE HOLDING COMPANY
SUNWAY BERHAD

	Ordinary Shares	
	No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	21,038,466	0.43
Evan Cheah Yean Shin	4,195,196	0.09
Chung Soo Kiong	920,095	0.02
Deemed interest		
Tan Sri Dato' (Dr) Chew Chee Kin ^c	1,564,862	0.03
Evan Cheah Yean Shin ^d	3,052,123,911	62.27
Dato' Ir Goh Chye Koon ^b	120,201	#

	Warrants 2017/2024	
	No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	2,818,169	0.45
Evan Cheah Yean Shin	561,959	0.09
Chung Soo Kiong	143,478	0.02
Deemed interest		
Tan Sri Dato' (Dr) Chew Chee Kin ^c	209,618	0.03
Evan Cheah Yean Shin ^e	468,393,341	74.35
Dato' Ir Goh Chye Koon ^b	16,101	#

	Number of Irredeemable Convertible Preference Shares	
	No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	4,207,692	0.43
Evan Cheah Yean Shin	839,039	0.09
Chung Soo Kiong	50,000	#
Deemed interest		
Tan Sri Dato' (Dr) Chew Chee Kin ^c	312,972	0.03
Evan Cheah Yean Shin ^d	613,953,126	62.79
Dato' Ir Goh Chye Koon ^b	24,040	#

SHAREHOLDING INFORMATION

SUNWAY CONSTRUCTION GROUP BERHAD

**DIRECTORS' INTERESTS IN SHARES
AS AT 26 APRIL 2021**
**DIRECTORS' INTEREST IN PENULTIMATE HOLDING COMPANY
SUNGEI WAY CORPORATION SDN BHD**

Ordinary Shares		
Deemed interest	No.	%
Evan Cheah Yean Shin ^f	10,000,000	100.00

Number of non-cumulative convertible redeemable preference shares		
Deemed interest	No.	%
Evan Cheah Yean Shin ^g	300,000,000	100.00

**DIRECTORS' INTEREST IN ULTIMATE HOLDING COMPANY
ACTIVE EQUITY SDN BHD**

Ordinary Shares		
Direct interest	No.	%
Evan Cheah Yean Shin	25,500	15.00
Deemed interest		
Evan Cheah Yean Shin ^g	102,000	60.00

**DIRECTORS' INTERESTS IN RELATED COMPANY
SUNWAY GLOBAL LIMITED**

Ordinary Shares of HKD1.00 each		
Direct interest	No.	%
Tan Sri Dato' (Dr) Chew Chee Kin	689,183	0.24

- Notes:
- # Negligible
- a Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.
- b Deemed interest by virtue of Section 8 of the Act held through Affin Hwang Trustee Berhad GCK Family Trust.
- c Deemed interest held through spouse.
- d Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and parent.
- e Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and parent.
- f Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd and parent.
- g Deemed interest held through parent.

SHAREHOLDING INFORMATION

INTEGRATED REPORT 2020

**ANALYSIS OF
SHAREHOLDINGS**

AS AT 26 April 2021

Number of Issued Shares	: 1,292,900,010
Treasury shares	: 3,540,900 treasury shares held by the Company
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	3,571	25.30	163,077	0.01
100 - 1,000	6,094	43.18	2,337,142	0.18
1,001 - 10,000	3,476	24.63	13,810,486	1.07
10,001 - 100,000	789	5.59	23,641,327	1.83
100,001 - 64,467,954 (Less than 5% of issued shares)	177	1.25	472,637,926	36.66
64,467,955 (5% and above of issued shares)	5	0.04	776,769,152	60.25
	14,112	100.00	1,289,359,110	100.00

Notes:

- * Exclude a total of 3,540,900 treasury shares retained by the Company as per record of depositors as at 26 April 2021.

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

	Name of Shareholders	No. of Shares	%
1	RHB Nominees (Tempatan) Sdn Bhd Malaysian Trustees Berhad Pledged Securities Account For Sunway Holdings Sdn Bhd-T8	251,000,000	19.47
2	Sunway Holdings Sdn Bhd	226,732,609	17.58
3	RHB Nominees (Tempatan) Sdn Bhd Malaysian Trustees Berhad Pledged Securities Account For Sunway Holdings Sdn Bhd-T6	115,800,000	8.98
4	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad For Sunway Holdings Sdn Bhd	110,000,000	8.53
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	73,236,543	5.68
6	Sungei Way Corporation Sendirian Berhad	55,520,000	4.31
7	Sungei Way Corporation Sendirian Berhad	50,205,817	3.89
8	Amanahraya Trustees Berhad Amanah Saham Bumiputera	42,559,600	3.30
9	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	28,755,100	2.23
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	23,043,100	1.79
11	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Aia Bhd.	23,002,400	1.78

ANALYSIS OF SHAREHOLDINGS
AS AT 26 APRIL 2021

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

Name of Shareholders	No. of Shares	%
12 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	17,363,900	1.35
13 HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sungei Way Corporation Sdn Bhd	13,000,000	1.01
14 Permodalan Nasional Berhad	12,622,200	0.98
15 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sungei Way Corporation Sendirian Berhad	11,300,000	0.88
16 CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	9,491,500	0.74
17 Kumpulan Wang Persaraan (Diperbadankan) Kwapact6622007	9,145,600	0.71
18 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	7,995,300	0.62
19 Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	7,903,872	0.61
20 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	6,804,800	0.53
21 Lean Hoen Sew	6,691,200	0.52
22 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	6,172,300	0.48
23 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHBISLAMIC)	5,716,300	0.44
24 Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	5,666,500	0.44
25 Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	5,575,790	0.43
26 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (BNP NAJMAH EQ)	5,163,700	0.40
27 Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	5,053,900	0.39
28 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPP)	4,643,400	0.36
29 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (DR)	4,608,300	0.36
30 Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	4,159,000	0.32
Total Shareholdings	1,148,932,731	89.11

SUBSTANTIAL SHAREHOLDERS

AS AT 26 APRIL 2021

Substantial Shareholders	Direct		Deemed	
	No. of Shares	%	No. of Shares	%
Sunway Berhad	-	-	703,532,609 ^(a)	54.56
Sunway Holdings Sdn Bhd	703,532,609	54.56	-	-
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	7,923,892	0.61	833,629,588 ^(b)	64.65
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	841,553,480 ^(c)	65.27
Sarena Cheah Yean Tih	57,727	*	841,482,416 ^(d)	65.26
Evan Cheah Yean Shin	13,435	*	841,482,318 ^(e)	65.26
Adrian Cheah Yean Sun	-	-	841,482,318 ^(e)	65.26
Sungei Way Corporation Sdn Bhd	130,025,817	10.08	703,532,609 ^(f)	54.56
Active Equity Sdn Bhd	-	-	833,558,426 ^(g)	64.65
Employee Provident Fund Board	116,426,843	9.03	-	-

Notes:

* *Negligible*(a) *Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Sunway Holdings Sdn Bhd.*(b) *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and children.*(c) *Deemed interest held through spouse and children.*(d) *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.*(e) *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.*(f) *Deemed interest by virtue of Section 8 of the Act held through Sunway Berhad and Sunway Holdings Sdn Bhd.*(g) *Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Holdings Sdn Bhd.*

CORPORATE DIRECTORY

SUNWAY CONSTRUCTION GROUP BERHAD

201401032422 (1108506-W)

BUILDING AND CIVIL/INFRASTRUCTURE SERVICES

SUNWAY CONSTRUCTION SDN. BHD. 197601001216 (27175-W)

Head Office

Level 8, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9601
W sunwayconstruction.com.my

Johor Office

Iskandar Medini
Zone F Plot F19 & F20
PTD 200695 & 200696
79250 Iskandar Puteri, Johor Darul Takzim

Penang Office

No 6, 1st & 2nd Floor, Jalan Todak 1,
Pusat Bandar Seberang Jaya,
13700 Perai, Pulau Pinang
T (604) 3839 260

India Office

Naveen Complex, 7th Floor,
14 M.G Goad Bangaluru,
Bangalore KA 560001, India

SUNWAY RNS TJ PRIVATE LIMITED

CIN NO: U45202KA2020FTC136307

SUNWAY RNSIL MC PRIVATE LIMITED

CIN NO: U45209KA2020FTC141025

SUNWAY CONSTRUCTION INDIA PTE LTD

No. 20, 2nd Floor, Uniworth Plaza
Sankey Road Bangalore
Karnataka, 560020 India

MECHANICAL, ELECTRICAL & PLUMBING SERVICES

SUNWAY ENGINEERING SDN. BHD. 199501012685 (341887-W)

Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9531

SUSTAINABLE ENERGY

SUNWAY PEKAT SOLAR SDN. BHD. 201901022491 (1331820-M)

Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9531

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

SUNWAY GEOTECHNICS (M) SDN. BHD. 199601041661 (414014-W)

Level 7, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9533

SUNWAY GEOTECHNICS (M) SDN BHD SINGAPORE BRANCH OFFICE (T19FC0124L)

65, Ubi Road 1 Oxley Bizhub #01-62
Singapore 408729
T (65) 6582 8089
F (65) 6581 0482

SUNWAY ANEKA PERTAMA GEOTECHNICS (PH) INC

19/F Marco Polo Ortigas Manila, Sapphire Road,
Ortigas Center, Pasig City,
Manila, 1600, Philippines

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

SUNWAY PRECAST INDUSTRIES SDN. BHD.

199201000271 (231775-X)

Senai, Johor

18, Jalan Idaman 1/1
Taman Perindustrian Senai
81400 Senai, Johor Darul Takzim
T (607) 5955 222
F (607) 5951 246

SUNWAY CONCRETE PRODUCTS (M) SDN. BHD.

201601039388 (1210329-A)

Iskandar, Johor

Plot F5, Lot PTD 200685, Medini Zone F
Mukim Pulai, Daerah Johor Bahru
81200 Johor Darul Takzim

SUNWAY CONCRETE PRODUCTS (S) PTE. LTD. (199409213Z)

65, Ubi Road 1 Oxley Bizhub #01-62
Singapore 408729
T (65) 6582 8089
F (65) 6581 0482

MACHINERY & LOGISTICS

SUNWAY MACHINERY SDN. BHD. 199601016902 (389253-P)

Sunway Enterprise Park,
Jalan SEP 2,
Taman Putra Perdana,
47130 Puchong, Selangor Darul Ehsan
T (603) 8322 3630
F (603) 8325 1790

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Dato' Ir Goh Chye Koon

Independent Non-Executive Director

Dato' Siow Kim Lun

Dr Sarinder Kumari

Group Managing Director

Non-Independent Executive Director

Chung Soo Kiong
(Alternate Director: Liew Kok Wing)

Senior Independent Non-Executive Director

Dato' Dr Johari Bin Basri

Non-Independent Non-Executive Director

Tan Sri Dato' (Dr) Chew Chee Kin

Evan Cheah Yean Shin

AUDIT COMMITTEE

Dato' Siow Kim Lun (Chairman)

Dato' Ir Goh Chye Koon

Dato' Dr Johari Bin Basri

Dr Sarinder Kumari

NOMINATION AND REMUNERATION COMMITTEE

Dato' Dr Johari Bin Basri (Chairman)

Dato' Ir Goh Chye Koon

Dato' Siow Kim Lun

Dr Sarinder Kumari

Tan Sri Dato' (Dr) Chew Chee Kin

RISK MANAGEMENT COMMITTEE

Dr Sarinder Kumari (Chairperson)

Dato' Ir Goh Chye Koon

Dato' Dr Johari Bin Basri

Dato' Siow Kim Lun

Evan Cheah Yean Shin

COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)

Ong Wei Leng (MAICSA 7053539)

REGISTERED OFFICE

Level 16, Menara Sunway

Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

T (603) 5639 8889

F (603) 5639 9507

SHARE REGISTRAR

Sunway Management Sdn Bhd

(Registration No. 197901006377 [50661-X])

Level 16, Menara Sunway

Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

T (603) 5639 8889

F (603) 5639 9507

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)

Chartered Accountants

SOLICITORS

Wong Kian Kheong

Harold & Lam Partnership

Sanjay Mohan

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name SUNCON

Stock Code 5263

Shariah Compliant

WEBSITE ADDRESS

W www.sunwayconstruction.com.my

E enquiriesuncon@sunway.com.my

INVESTOR RELATIONS

Crystal Teh

T (603) 5639 8864

Elaine Lai

T (603) 5639 9793

E irsuncongroup@sunway.com.my

F (603) 5639 9530

KEY PERFORMANCE DATA

102-7, 102-8, 102-38, 401-1, 405-1, 403-9

	2020	2019	2018
ENVIRONMENT			
Total Water Use (m ³)	392,726**	373,046*	382,732*
Electricity Consumption (MWh)	4,775**	1,209*	1,058
Diesel Consumption (mil' litres)	3.74	4.62	5.82
Scope 1:			
GHG Emissions from Company-Owned Vehicles and Machinery (CO ₂ e in tonnes)	9,713	12,458	15,704
Scope 2:			
(CO ₂ e in tonnes)	2,793**	273	282
Indirect emissions from purchased electricity			
Scope 3:			
Indirect Emissions from (CO₂e in tonnes):			
• Business Travel (Land)			
tonnes CO ₂ e	108	215	258
tonnes CO ₂	84	168	201
tonnes CH ₄	0	1	1
tonnes N ₂ O	0	0	1
• Business Travel (Air)			
tonnes CO ₂ e	38	88	35
tonnes CO ₂	31	72	103
tonnes CH ₄	0	0	0
tonnes N ₂ O	0	1	2
• Waste Generation (tonnes CO₂e)			
	265	43	2,705
• Purchased Goods (tonnes CO₂e)			
	138,984	278,365	215,973
Total Scope 3			
tonnes CO ₂ e	139,395	278,710	219,171
tonnes CO ₂	115	240	394
tonnes CH ₄	1	1	1
tonnes N ₂ O	1	1	2
CONSTRUCTION WASTE DISPOSAL (MT)			
Concrete	126,271**	35,495*	14,406*
Steel	6,093**	1,685*	1,584*
Timber	-	-	3,245

* Restated

** Increased in disclosure exposure and improved reporting

KEY PERFORMANCE DATA

	2020	2019	2018
MATERIAL PURCHASED (MT)			
Steel Bar	32,039	62,364*	47,352*
Cement	30,243	41,142*	46,825*
Sand	68,809	94,579*	117,397*
Ready Mixed Concrete	72,853	39,503	52,005
Quarry	170,098	219,388*	233,232*
Premix	907	3,971	2,674
WORKPLACE			
EMPLOYEES			
Total Number of Employees	1,781	2,152	2,448
Executives	41%	36%	35%
Non-Executives	25%	24%	24%
Foreign Skilled Labour	34%	40%	41%
Permanent Staff	58%	51%	48%
Non-Permanent Staff	42%	49%	52%
Number of Physically Challenged Employees	3	3	2
Percentage of Women in Management	26%	24%	27%

* Restated

	2020	2019	2018
GENDER - OVERALL			
Female	16%	14%	14%
Male	84%	86%	86%
Gender (Executive Level Employees EG1-9)			
Female	32%	32%	31%
Male	68%	68%	69%
Gender (Non-Executive Level Employees)			
Female	5%	5%	5%
Male	95%	95%	95%

	2020	2019	2018
AGE GROUP - OVERALL			
< 30	33%	40%	40%
30 - 50	56%	51%	51%
>50	11%	9%	9%
Age Group (Executive Level Employees EG1-9)			
< 30	24%	28%	29%
30 - 50	61%	58%	55%
>50	15%	14%	16%
Age Group (Non-Executive Level Employees)			
< 30	39%	47%	46%
30 - 50	54%	48%	48%
>50	7%	5%	6%
YEARS IN SERVICE			
Less than 1 year	4%	14%	28%
1 - 3 years	32%	33%	25%
3 - 6 years	22%	21%	20%
6 - 10 years	31%	23%	18%
10 - 15 years	6%	5%	5%
15 years and above	5%	4%	4%
WORKPLACE			
DIVERSITY			
Malay	49%	49%	50%
Chinese	35%	35%	33%
Indian	14%	14%	14%
Others	2%	2%	3%
Diversity (Executive Level Employees EG1-9)			
Malay	40%	39%	39%
Chinese	48%	48%	49%
Indian	11%	11%	10%
Others	1%	2%	2%
Diversity (Non-Executive Level Employees)			
Malay	67%	65%	66%
Chinese	14%	14%	13%
Indian	18%	18%	18%
Others	1%	3%	3%

	2020	2019	2018
BOARD OF DIRECTORS			
BY GENDER			
Female	14%	14%	14%
Male	86%	86%	86%
BY AGE			
30 - 50	14%	14%	14%
> 50	86%	86%	86%
BY ETHNICITY			
Malay	14%	14%	14%
Chinese	72%	72%	72%
Indian	14%	14%	14%
Others	0%	0%	0%
SENIOR MANAGEMENT (EG10 & ABOVE)			
BY GENDER			
Female	9%	10%	8%
Male	91%	90%	92%
BY AGE			
< 30	0%	0%	0%
30 - 50	23%	29%	31%
>50	77%	71%	69%
BY ETHNICITY			
Malay	5%	5%	4%
Chinese	82%	86%	83%
Indian	14%	9%	13%
Others	0%	0%	0%
EMPLOYEE TURNOVER RATES			
Industry Average	31%	14%	9%
Attrition Rates	13%	14%	13%
BY GENDER			
Female	2%	2%	3%
Male	11%	8%	10%
BY AGE GROUP			
< 30	5%	4%	7%
30 - 50	6%	5%	5%
>50	2%	1%	1%

* Restated

	2020	2019	2018
TOTAL NEW HIRES			
BY GENDER			
Female	7%	9%	7%
Male	93%	91%	93%
BY AGE GROUP			
< 30	71%	72%	65%
30 - 50	26%	24%	34%
> 50	3%	4%	1%
BY NATIONALITY			
Malaysia	50%	43.7%	25.8%
Myanmar	50%	0%	0%
Indonesia	0%	52.2%	70.7%
Philippines	0%	3.7%	0.3%
Bangladesh	0%	0.4%	0.7%
Others	0%	0%	2.5%

	2020	2019	2018
COMPARISON OF PAY			
Total Men Basic Salary (RM)	63,946,889	68,428,992	73,981,915
Average Annual Men Basic Salary (RM)	70,582	68,021	59,471
Average Number of Men Paid	906	1,006	1,244
Total Women Basic Salary (RM)	20,605,901	19,870,680	20,325,544
Average Annual Women Basic Salary (RM)	71,055	63,282	61,780
Average Number of Women Paid	290	314	329
Ratio of Men to Women Pay Equity	0.99:1.00	1.00:0.93	0.96:1.00
REMUNERATION DATA DISCLOSURE (ANNUAL PAY)			
Group MD Annual Total Remuneration to Median Annual Total Remuneration	16.5: 1.0	34.1: 1.0	34.7: 1.0
Mean pay (RM)	95,145	109,558	111,986
Median pay (RM)	71,577	82,449	84,732
Lowest total pay (RM)	19,293	18,659	18,546
Highest total pay* (RM)	1,037,643	1,648,640	1,639,680
TRAINING			
Employee Participation in Training	1,781	728	820
Average Attendance Per Training Programme	15	20	20
Average Training Budget Per Employee (RM)	281	730	859
Average Man Days of Training Per Employee	1.99	3.41	2.83
Percentage of Employees with a Minimum of 2 Man Days of Training	18%	18%	12%
OCCUPATIONAL HEALTH AND SAFETY			
Worked Man-Hours	14,723,472	16,611,284	20,242,286
Fatal Accidents	2	1	0
Lost Time Injury Accidents	2	0	2
Total No. of Reportable Accidents	5	5**	4
Accident Frequency Rate	0.27	0.06	0.10

* Highest total pay excludes remuneration of Group Managing Director

** Restated

GRI
CONTENT INDEX

GRI STANDARD	SECTION	GRI STANDARD	SECTION
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	102-19	Delegating authority
102-2	Activities, brands, products and services	102-20	Executive-level responsibility for economic, environmental, and social topics
102-7	Scale of the organisation	102-26	Role of highest governance body in setting purpose, values and strategy
102-8	Information on employees and other workers	102-30	Effectiveness of risk management processes
102-13	Membership of associations	102-32	Highest governance body's role in sustainability reporting
102-46	Defining report content and topic boundaries	102-38	Annual Total Compensation Ratio
102-50	Reporting period	STAKEHOLDER ENGAGEMENT	
102-52	Reporting cycle	102-40	List of stakeholder groups
102-53	Contact point for questions regarding the report	102-42	Identifying and selecting stakeholders
102-54	Claims of reporting in accordance with the GRI standards	102-43	Approach to Stakeholder Engagement
102-55	GRI Content Index	102-44	Key topics and concerns raised
STRATEGY			
102-15	Key impacts, risks, and opportunities	102-47	List of material topics
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour		
102-17	Mechanisms for advice and concerns about ethics		
102-18	Governance structure		

GRI CONTENT INDEX

GRI STANDARD	SECTION	GRI STANDARD	SECTION
MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	305-1	Direct (Scope 1) GHG emissions
103-2	The management approach and its components	305-2	Energy indirect (Scope 2) GHG emissions
RESPONSIBLE GOVERNANCE			
205-2	Communication and training about anti-corruption policies and procedures	305-3	Other indirect (Scope 3) GHG emissions
STRENGTHENING ECONOMIC INTEGRITY			
201-2	Financial implications and other risks and opportunities due to climate change	305-5	Reduction of GHG emissions
203-1	Infrastructure investment and services supported	301-1	Materials
203-2	Significant indirect economic impacts	306-2	Waste by type and disposal method
102-9	Supply Chain	306-4	Transport of hazardous waste
204-1	Proportion of spending on local suppliers	303-1	Interactions with water as a shared resource
MANAGING OUR ENVIRONMENTAL IMPACTS			
303-2	Management of water discharge-related impacts	303-5	Water consumption
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	103-2	The management approach and its components
306-1	Water discharge by quality and destination	ENSURING SAFE AND QUALITY CONSTRUCTION	
306-3	Significant spills	403-1	Occupational Health and Safety management system
307-1	Non-compliance with environmental laws and regulations	403-2	Hazard identification, risk assessment, and incident investigation (HIRARC)
302-1	Energy consumption within the organisation	403-4	Worker participation, consultation and communication on occupational health and safety
302-4	Reduction of energy consumption	403-5	Worker training on occupational health and safety
		403-8	Workers covered by an occupational health and safety management system
		403-9	Work related injuries

GRI STANDARD	SECTION
ENSURING SAFE AND QUALITY CONSTRUCTION	
103-2	The management approach and its component Safety and Health (pg 76)
416-1	Customer health and safety Quality Management (pg 86-89)
HUMAN CAPITAL DEVELOPMENT	
405-1	Diversity of governance bodies and employees Key Performance Data (pg 271-272)
405-2	Ratio of basic salary and remuneration of women to men Key Performance Data (pg 273)
401-1	New employee hires and employee turnover Key Performance Data (pg 271-272), Talent Retention (pg 92)
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees Talent Retention (pg 92)
401-3	Parental leave Talent Retention (pg 92)
404-1	Average hours of training per year per employee Capacity Building (pg 95), Key Performance Data (pg 273)
404-2	Programs for upgrading employee skills and transition assistance programme Capacity Building (pg 95-96)
BUILDING COMMUNITY RESILIENCE	
413-1	Operations with local community engagement, impact assessments, and development programs Community Engagement (pg 98-99)

ADDITIONAL INFORMATION NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of SUNWAY CONSTRUCTION GROUP BERHAD [201401032422 (1108506-W)] ("Company") will be held fully virtual at the broadcast venue at **Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 23 June 2021 at 3.00 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon.
(Please refer to Explanatory Notes)
2. To approve the payment of fees to Non-Executive Directors amounting to RM695,000 for the financial year ended 31 December 2020. (Ordinary Resolution 1)
3. To approve the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 24 June 2021 until the conclusion of the next Annual General Meeting of the Company to be held in 2022. (Ordinary Resolution 2)
4. To re-elect the following Directors:
 - 4.1 Dr Sarinder Kumari A/P Oam Parkash who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers herself for re-election. (Ordinary Resolution 3)
 - 4.2 Mr Evan Cheah Yean Shin who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 4)
 - 4.3 Mr Chung Soo Kiong who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 5)
5. To re-appoint Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

6. ORDINARY RESOLUTION: Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT subject always to the Companies Act 2016 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Ordinary Resolution 7)

NOTICE OF 7TH ANNUAL GENERAL MEETING

7. ORDINARY RESOLUTION:

Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 25 May 2021 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 ("Act"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Ordinary Resolution 8)

8. ORDINARY RESOLUTION:

Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

- (a) the aggregate number of ordinary shares in the Company ("**SunCon Shares**") which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares in the ordinary share capital of the Company at any point of time, subject to a restriction that the share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company's audited retained profits at any point of time;
- (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF 7TH ANNUAL GENERAL MEETING

whichever occurs first; and

- (d) upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 9)

9. SPECIAL RESOLUTION:

Proposed Amendments to the Constitution of the Company

"THAT the proposed amendments to Clauses 84 and 85 of the Constitution of the Company (as set out in the Circular to Shareholders dated 25 May 2021) as follows ("Proposed Amendments") be and are hereby approved:

Clause 84 - How instrument to be executed

The instrument appointing a proxy shall be in writing under the hand of the **Member** or of his attorney duly authorised in writing or, if such **Member** is a corporation, either under its common seal or the hand of its officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the **Member**.

Clause 85 - Depositing of proxy form

The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority, shall be legible and deposited at the Office, or at such other place within Malaysia **or in such other manner** as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; otherwise the person so named shall not be entitled to vote in respect thereof.

AND THAT the Board of Directors of the Company be and are hereby authorized to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments."

(Special Resolution 1)

By Order of the Board

TAN KIM AUN (MAICSA 7002988) (SSM PC No. 202008001249)
ONG WEI LENG (MAICSA 7053539) (SSM PC No. 202008001016)
Company Secretaries

Bandar Sunway
25 May 2021

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTES:

- 1) *The AGM of the Company will be conducted fully virtual through live streaming and online remote voting using the Remote Participation and Voting Facility ("RPV"). This is in line with the Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021, as revised or amended from time to time.*

NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES from the public shall be physically present at the Broadcast Venue on the day of the AGM.

Shareholders of the Company are to participate, speak (in the form of real time submission of typed texts) and vote remotely at the AGM using RPV provided by the Company's Share Registrar via its website at www.sunwaymanagement.com.my. Please follow the Procedures for RPV provided in the Administrative Details for the AGM.
- 2) *A shareholder of the Company who is entitled to participate, speak and vote at the AGM via RPV, may appoint more than 1 proxy to participate and vote on his/her behalf. A proxy may but need not be a shareholder.*
- 3) *Shareholders may use the RPV to submit questions in real-time during the AGM. Shareholders may also submit questions to the Board prior to the AGM by emailing to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 22 June 2021 or via Q&A platform in www.sunwaymanagement.com.my from 12.00 p.m. on 16 June 2021 up to 2.30 p.m. on 23 June 2021.*
- 4) *Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
- 5) *Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 6) *Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate, speak and vote at the AGM shall have the same rights as the shareholder to speak at the AGM.*
- 7) *If a shareholder has appointed a proxy to participate a meeting and subsequently he/she participates such meeting via the RPV, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate at the AGM.*
- 8) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.*
- 9) *The instrument for the appointment of a proxy must be completed and deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof, either by hand, post, electronic mail to sunwaymanagement@sunway.com.my or fax to (603) 5639 9507, and in default, the instrument of proxy shall not be treated as valid. In the case where the Shareholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*
- 10) *If no name is inserted in the space for the name of your proxy, the Chairman of the AGM will act as your proxy.*
- 11) *Only a depositor whose name appears in the Record of Depositors of the Company as at 16 June 2021 shall be regarded as a Shareholder and entitled to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the AGM using the RPV or appoint proxies to participate and/or vote on his/her or its behalf.*

EXPLANATORY NOTES:

Ordinary Business

1. **To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon**

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act"). As such, this agenda will not be put for voting.

NOTICE OF 7TH ANNUAL GENERAL MEETING

2. Section 230(1) of the Companies Act 2016 provides amongst others, that fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Non-Executive Directors ("NEDs"), in two (2) separate resolutions as follows:

- (a) **Ordinary Resolution 1 - To approve the payment of fees to NEDs amounting to RM695,000 for the financial year ended 31 December 2020**

The fees structure for the NEDs:

Board/Audit Committee	Chairman (RM/annum)	Member (RM/annum)
Board	180,000	100,000
Audit Committee	6,000	3,000

- (b) **Ordinary Resolution 2 - To approve the payment of benefits payable to NEDs from 24 June 2021 until the conclusion of the next AGM of the Company to be held in 2022**

The benefits payable to the NEDs of the Company comprises the following:

- (i) meeting allowance of RM500 per meeting for attending the Board or Board Committee Meetings; and
- (ii) other emolument, including but not limited to the meeting allowance or construction site visit allowance of RM1,000 per meeting/visit for discharging the duty as Chairman of the High Level ESH (Environmental, Safety and Health) Council of the Company.

Subject to the shareholders' approval of Ordinary Resolutions 1 and 2, the payment for fees and benefits for the period commencing from 24 June 2021 until the conclusion of the next Annual General Meeting ("AGM") will be paid as and when they are incurred. The Board opined that the payments to the NEDs are just and equitable taking into account their roles and responsibilities towards the Group and the services that they have rendered to the Company and its subsidiaries.

NEDs who are shareholders of the Company will abstain from voting on the aforesaid resolutions at the 7th AGM.

3. **Ordinary Resolutions 3, 4 and 5 - To re-elect Dr Sarinder Kumari A/P Oam Parkash, Mr Evan Cheah Yean Shin and Mr Chung Soo Kiong as Directors of the Company**

Clause 106(1) of the Company's Constitution provides that one-third or the number nearest to one-third of the Directors of the Company (including Managing Director) for the time being shall retire by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three years but shall be eligible for re-election.

Dr Sarinder Kumari A/P Oam Parkash, Mr Evan Cheah Yean Shin and Mr Chung Soo Kiong, being eligible, have offered themselves for re-election at the 7th AGM.

The Nomination and Remuneration Committee ("NRC") has conducted an assessment on the Directors via Board Assessment for Year 2020 as well as the independence of the Independent Directors who are seeking re-election at this AGM, inclusive of their skills, experience, character, integrity, competency, commitment and contribution and is satisfied that they complied and satisfied the independence criteria as required by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which is also provided in the Board Charter. Their profiles are enclosed in the Company's Annual Report 2020. The Board has endorsed the NRC's recommendation subject to the shareholders' approval at this AGM.

NOTICE OF 7TH ANNUAL GENERAL MEETING

All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board Meeting and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

4. Ordinary Resolution 6 - To re-appoint Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration

Based on the results of the External Auditors Evaluation for the financial year ended 31 December 2020, the Board had at its meeting on 19 April 2021 approved the re-appointment of Messrs BDO PLT ("BDO") as Auditors of the Company on the basis that BDO had satisfactorily performed their audit and that BDO had discharged their professional responsibilities in accordance to the rules on professional conduct and ethics of BDO and the By-Laws (on Professional Ethics, Conducts and Practice) issued by the Malaysia Institute of Accountants.

Special Business

5. Ordinary Resolution 7 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the total number of issued shares of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its 6th AGM held on 5 August 2020.

6. Ordinary Resolution 8 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 25 May 2021.

7. Ordinary Resolution 9 - Proposed Renewal of Share Buy-Back Authority

The details on the Proposed Renewal of Share Buy-Back Authority by the Company are set out in the Statement to Shareholders dated 25 May 2021.

NOTICE OF 7TH ANNUAL GENERAL MEETING

8. Special Resolution 1 - Proposed Amendments to the Constitution of Company

The details on the Proposed Amendments to the Constitution of the Company are set out in the Circular to Shareholders dated 25 May 2021.

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 ("PDPA") which regulates the processing of personal data in commercial transactions, applies to Sunway Management Sdn Bhd, the share registrar of the Company.

The personal data processed by Sunway Management Sdn Bhd may include your name, contact details, mailing address and any other personal data derived from any documentation.

Sunway Management Sdn Bhd may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the PDPA, if you would like to make any enquiries on your personal data, please contact us at:

Address : Sunway Management Sdn Bhd
Level 16, Menara Sunway,
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya,
Selangor Darul Ehsan

Tel No : (603) 5639 8889

Fax No : (603) 5639 9507

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PROXY FORM7th Annual General Meeting

Number of share(s) held	
CDS Account No.	

I/We (full name) _____, NRIC No./Passport No./Company no. _____

having the Tel./Mobile No. _____ of (full address) _____

being a member of SUNWAY CONSTRUCTION GROUP BERHAD ("Company") hereby appoint:

1ST PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Email Address	NRIC No./Passport No.	No. of Shares	%

and/or failing him/her

2ND PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Email Address	NRIC No./Passport No.	No. of Shares	%

100%

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be conducted on a fully virtual basis at the broadcast venue at Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, on Wednesday, 23 June 2021 at 3.00 p.m. and at any adjournment thereof.

* *Strike out whichever not applicable*

My/our proxy/proxies shall vote as follows:

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of fees to Non-Executive Directors		
2.	To approve the payment of benefits payable to Non-Executive Directors		
3.	To re-elect Dato' Dr Sarinder Kumari A/P Oam Parkash as Director		
4.	To re-elect Evan Cheah Yean Shin as Director		
5.	To re-elect Chung Soo Kiong as Director		
6.	To re-appoint Messrs BDO PLT as Auditors and to authorise the Directors to fix their remuneration		
7.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	To approve the Proposed Renewal of Share Buy-Back Authority		
NO.	SPECIAL RESOLUTION	FOR	AGAINST
1.	To approve the Proposed Amendments to the Constitution of the Company		

Dated this _____ day of _____ 2021

Signature of Member _____

Common
Seal

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NOTES:

- 1) The AGM of the Company will be conducted **fully virtual through live streaming and online remote voting using the Remote Participation and Voting Facility ("RPV")**. This is in line with the Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021, as revised or amended from time to time.

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- 3) Shareholders may use the RPV to submit questions in real-time during the AGM. Shareholders may also submit questions to the Board prior to the AGM by emailing to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 22 June 2021 or via Q&A platform in www.sunwaymanagement.com.my from 12.00 p.m. on 16 June 2021 up to 2.30 p.m. on 23 June 2021.
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- 6) Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate, speak and vote at the AGM shall have the same rights as the shareholder to speak at the AGM.

PLEASE FOLD HERE

STAMP

**THE SHARE REGISTRAR
SUNWAY CONSTRUCTION GROUP BERHAD**

Registration No.: 201401032422 (1108506-W)
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
47500 SUBANG JAYA
SELANGOR DARUL EHSAN
MALAYSIA

PLEASE FOLD HERE

- 7) If a shareholder has appointed a proxy to participate a meeting and subsequently he/she participates such meeting via the RPV, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to participate at the AGM.
- 8) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
- 9) The instrument for the appointment of a proxy must be completed and deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof, either by hand, post, electronic mail to sunwaymanagement@sunway.com.my or fax to (603) 5639 9507, and in default, the instrument of proxy shall not be treated as valid. In the case where the Shareholder is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.
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